

Cultivates the soil for a flourishing future

We initiate coverage of Green Landscaping, a leading provider within maintenance and landscaping of green areas and outdoor environments. Following a rapid expansion, Green has become the undisputed local market leader and is now turning its focus towards the broader Nordic market. We see ample room for Green to continue to leverage on its size, while maintaining local anchoring, which has proven to be key for success in the past.

Key Data (2020E)

Price (SEK)	33.10
Reuters	GREEN.ST
Bloomberg	GREEN SS
Market cap (SEKm)	1,554
Market cap (USDm)	177
Market cap (EURm)	149
Net debt (SEKm)	410
Net gearing	99%
Net debt/EBITDA (x)	1.9
Shares fully dil. (m)	47.0
Avg daily turnover (m)	0.0
Free float	61%

A steadily growing underlying market

Driven by mega trends such as urbanization and increased environmental awareness, we believe that Green can deliver solid growth in a market characterized by stability and counter-cyclical. Through increased spending in major metropolitan areas and support from recent acquisitions, we estimate a revenue CAGR of 7.1% between 2019 and 2022.

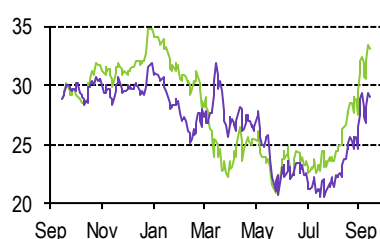
Local markets require an entrepreneurial spirit

As services are provided with a regional scope at most, adjusting to local preferences provides the basis for efficiency and satisfied customers willing to pay a premium. In order to maintain its local know-how and entrepreneurial spirit, Green operates a decentralized organization, while partly financing acquisitions through issuance of new shares. In our view, the local approach coupled with scale benefits within purchasing and group functions bodes well for future margin improvements. We see scope to lift the EBITA margin from 4.5% in 2019 to 7.4% in 2022, i.e. close to the target of 8%.

Mid-point DCF value of SEK 40 per share

Based on our forecasts, Green currently trades at 2022E EV/Sales of 0.7x, which is below peers considering the difference in margins. Through a DCF approach, we derive a fair share price range of SEK 34-46 per share with a mid-point value of SEK 40 (WACC of 7.6%, steady state EBIT margin of 7.4%).

Share Price (12M)



Absolute (green) / Relative to Sweden (purple).

Marketing communication commissioned by: Green Landscaping

Financials (SEK)

Year end: Dec	2018	2019	2020E	2021E	2022E
Revenues (m)	1,180	1,993	2,096	2,357	2,447
Adj. EBIT	46	62	70	125	145
Pre-tax profit (m)	(12)	9	50	107	126
EPS	(0.19)	0.20	1.16	2.05	2.12
Adj. EPS	1.40	1.70	2.02	2.80	2.90
DPS	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	47.6	68.9	5.2	12.5	3.8
Adj. EBIT growth (%)	27.3	35.0	14.3	77.8	15.5
Adj. EPS growth (%)	(45.6)	20.9	19.2	38.7	3.4
Adj. EBIT margin (%)	3.9	3.1	3.4	5.3	5.9
ROE (%)	(4.0)	3.4	15.1	20.8	17.7
ROCE (%)	9.8	8.5	8.8	13.6	14.2
PER (x)	19.5	20.5	16.4	11.8	11.4
Free cash flow yield (%)	(6.1)	(1.0)	5.1	7.5	8.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
P/BV (x)	3.98	5.73	3.74	3.03	2.54
EV/Sales (x)	1.05	0.87	0.94	0.79	0.71
EV/Adj. EBITDA (x)	8.9	7.5	9.2	6.7	5.7
EV/Adj. EBIT (x)	27.1	27.9	27.9	14.9	11.9
Operating cash flow/EV (%)	0.3	5.7	9.0	12.5	14.6
Net debt/Adj. EBITDA (x)	4.40	2.33	1.92	1.11	0.57

Source for all data on this page: SEB (estimates) and Millstream/Thomson Reuters (prices)

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Investment conclusion

From a local leader to a Nordic one

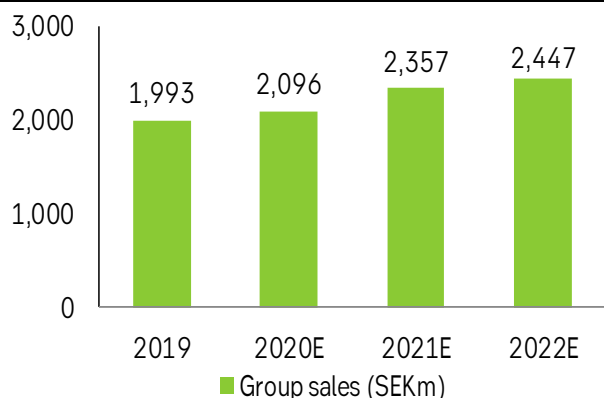
Green Landscaping is the leading Swedish services provider in the market for maintenance and landscaping of green areas and outdoor environments with a history of strong growth since its founding in 2009. The company is today approximately five to 10 times larger than its closest competitor. By leveraging its size with competitive pricing and a fully-fledged service offering, Green secures large contracts which in turn leads to local market leadership. As contracts are characterized by their long duration with a potential span of up to 10 years, know-how and local expertise set the basis for stable growth with continuous margin improvements. Our investment case for Green Landscaping is based on the following:

- Continued growth through market share gains, increased spending in the major metropolitan areas and further acquisitions. We estimate a revenue CAGR of 7.1% for the period 2019-2022.
- A successful model to maintain the entrepreneurial spirit and local know-how by keeping previous owners of acquired businesses as managers and shareholders of Green Landscaping. We believe this strategy plays a central part in customer retention and improving profitability in existing contracts.
- Improved operational leverage through economies of scale and collaboration in procurement and execution between local, regional and central management. In our view, this is a rather immature services market and there should be plenty of opportunities for efficiency gains through further professionalization, ie the company's We expect the adjusted EBITA margin to reach 7.4% in 2022 from 4.5% in 2019.
- The entry into Norway has added another leg to the growth story and expanded the potential universe for new acquisitions, which should allow management to continue to deliver on the 10% revenue growth target in the coming years. An additional benefit is the generally higher profitability level in the Norwegian market, hence the expansion should be margin accretive.

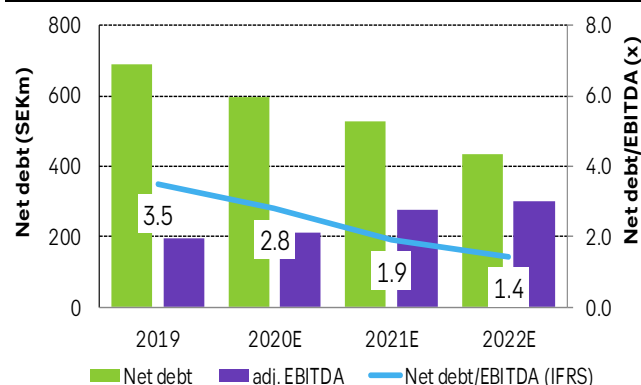
Stable growth with additional M&A potential

Historically, spending on park maintenance and the preservation of public areas have been countercyclical and stable in times of economic downturn. Green has complemented stable market growth with acquisitions, corresponding to a total revenue CAGR of 15.9% in the period between 2011 to 2019.

Although our estimates of 7.1% CAGR in 2019-2022 is below the company target of 10% annual growth, it does not include any unannounced acquisitions, which provides further upside. Thus, we view the 10% annual revenue target as achievable.

Stable growth going forward...

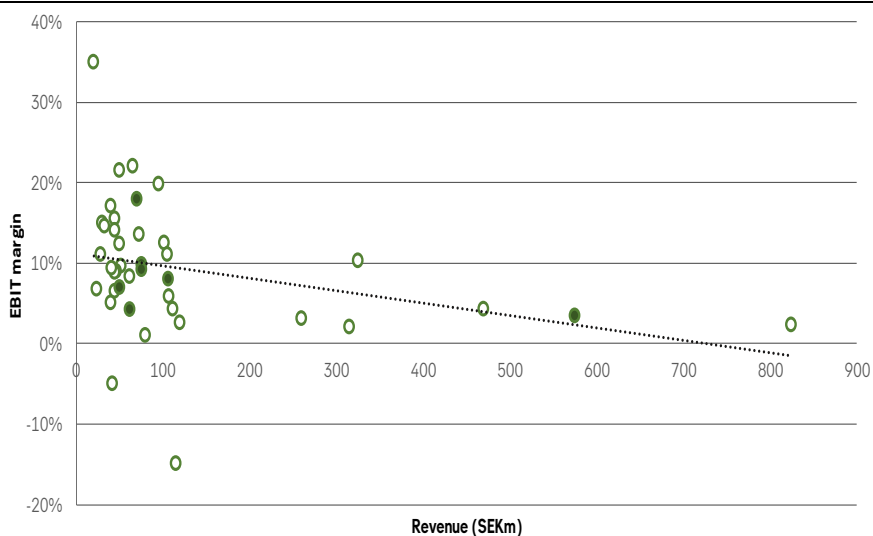
Source: SEB

...with additional upside potential from M&A

Source: SEB

Being large, while maintaining entrepreneurial spirit

Given that the typical customer exclusively demands services with a local, or at most regional scope, it is essential to maintain an innovative culture and entrepreneurial drive in serving customers. In other words, the key in value creation is maintaining a flexible organization and adjusting to local preferences, which Green has achieved despite its size and national presence.

Smaller companies with local connection tend to have higher margins*

Source: Green Landscaping, SEB, *Filled markers are companies within Green Landscaping. Data from 2017.

With a few exceptions, all previous owners of businesses acquired through the years remain as shareholders of Green Landscaping. This acquisition strategy ensures that the entrepreneurial spirit and incentives to deliver remain at the local level. Small players tend to deliver higher profits, and we believe this approach puts Green in the position of a small player on the local level, while still being a company able to leverage on its size in aspects of cost control and competencies.

Management ownership

Management ownership April 17 th 2020	% of equity	Relation to Green Landscaping
Johan Nordström	8.1%	CEO of Green Landscaping
Roger Carlsson	2.1%	CEO of Tranemo Trädgårdstjänst
Jan & Jenny Pettersson	1.9%	CEO of Björntreprenad
Betongförbedring Holding AS	1.3%	CEO & co-founder of Gast
Nordea Bank Abp	1.3%	Co-founder of Gast
Eblon Holding AB	0.7%	Founder of Svensk Jordelit
Jakob Körner	0.6%	Strategy at Green Landscaping
Carl-Fredrik Meijer	0.5%	CFO of Green Landscaping
Other management	1.6%	
Total management ownership	18.1%	

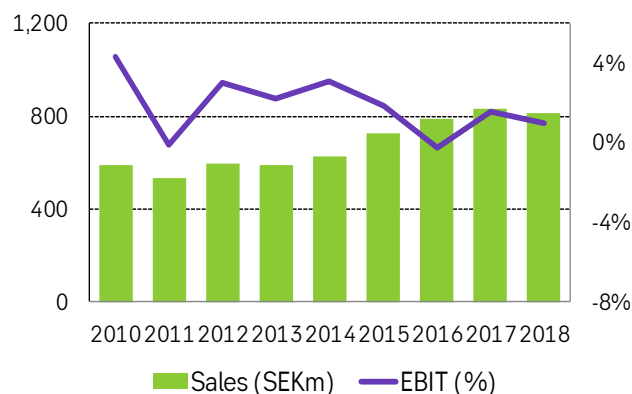
Source: Green Landscaping, Holdings

Prevalent scaling advantages

As the company has grown substantially both organically and through acquisitions in recent years, we believe there is ample room for margin optimization. The company is utilising its internal control system LEAN, which is built on planning, day-to-day control, continuous improvement and ongoing follow-up. Each regional unit sets-up an action plan to achieve its targets and these measures are documented and later followed-up on a monthly basis. We expect small and continuous iterative adjustments to make operations increasingly efficient including further consolidation of the supplier base, coordinated purchasing process, increased employee productivity and discontinuation of unprofitable contracts. Furthermore, digitalization should support further productivity measures, e.g.. more efficient route planning.

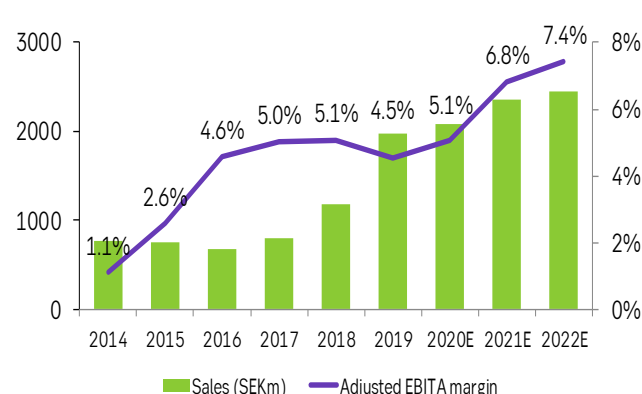
The trend of steadily improving margins slowed in 2019 due to integration efforts after the company doubled in size when it joined forces with its largest competitor Svensk Markservice, which had a lower margin than Green standalone. The margin challenges escalated in early 2020 due to extreme weather, but we expect incremental improvements in the coming quarters, supported by cost synergies, the expansion into Norway and less extreme weather effects. The recent Q2 numbers were in our view a clear step in the right direction. Margin challenges culminating in material impact from extremely mild winter 2020.

Svensk Markservice initially dilutive to margins



Source: SEB, Green Landscaping

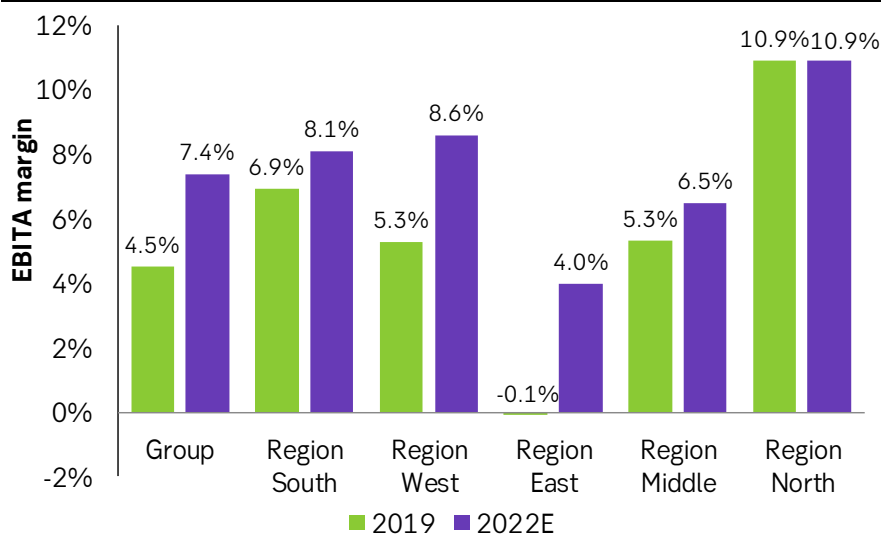
Potential for further margin improvements ahead



Source: SEB, Green Landscaping

In a group context, our analysis suggests that major metropolitan areas (Stockholm, Gothenburg, Oslo and Malmö) will be the driving force behind future growth. Profitability-wise, we also expect to see the most significant improvement in Region East (primarily encompassing Stockholm County) following a restructuring and streamlining of the operations.

General margin improvement and turnaround in Region East

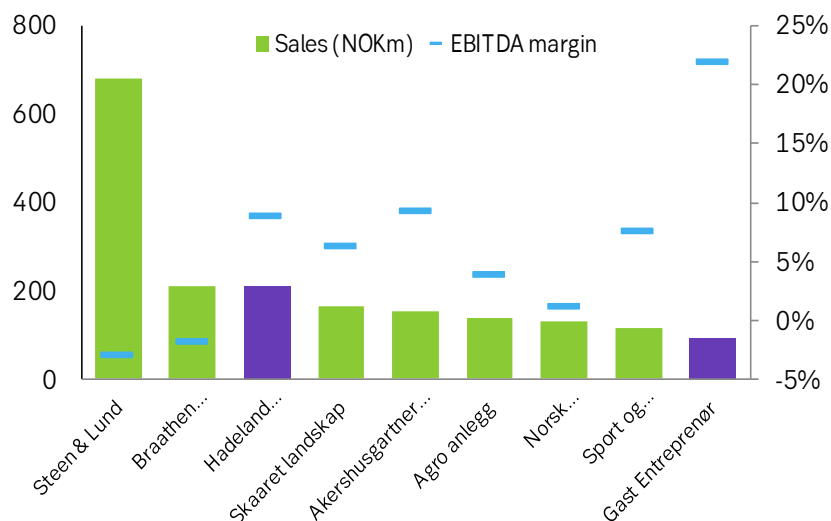


Source: SEB

Recent Norwegian expansion supports the growth story

In addition to expanding the geographical footprint, the entry into the Norwegian market supports an increased focus on niche services within minor contractor projects. An interesting aspect of this subsegment is the superior margin profile compared to traditional ground maintenance, as it requires specialized skills and higher project flexibility

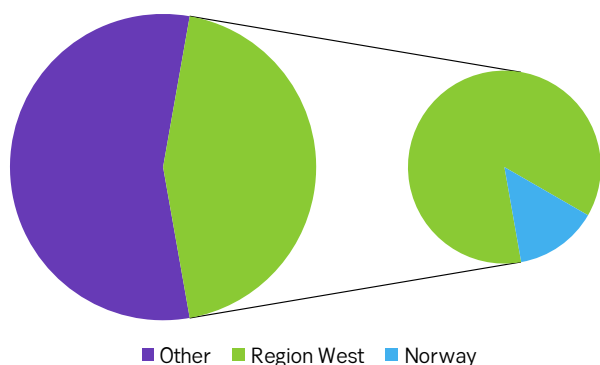
Example of major landscaping operators based in the Oslo region



Source: SEB, regnskapstall.no

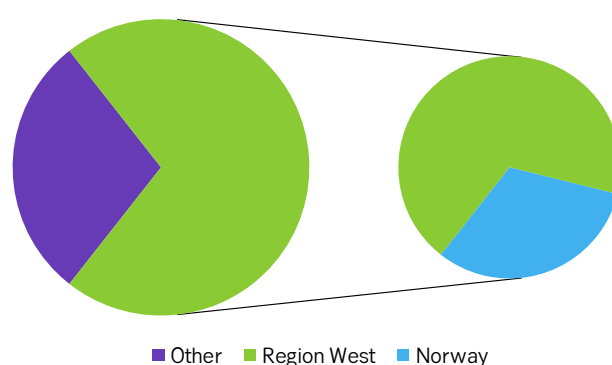
The Norwegian market also has generally higher prices than Sweden, reflected in the margin profile in the recent acquisitions. As the chart above illustrates, we find that there are plenty of more opportunities for further acquisitions and strengthening the presence in Oslo. We believe Green's increasing presence in Norway allows for size advantages, both in establishing an expert team in tender processes, and for focusing on niche segments where attractive margins can be achieved. Compared to 2019, the recent acquisitions in Norway should alone lift the operating margin by close to +1pp.

Norwegian operations only 6% of group sales in Q2...



Source: SEB, Green Landscaping

...but significantly contributing to group EBITA (23%)

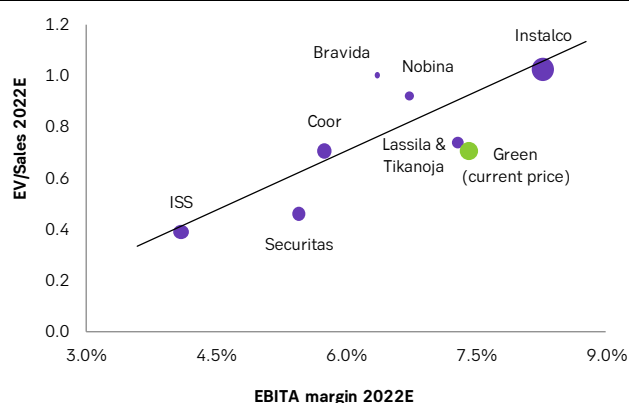


Source: SEB, Green Landscaping

Mid-point DCF value of SEK 40 per share

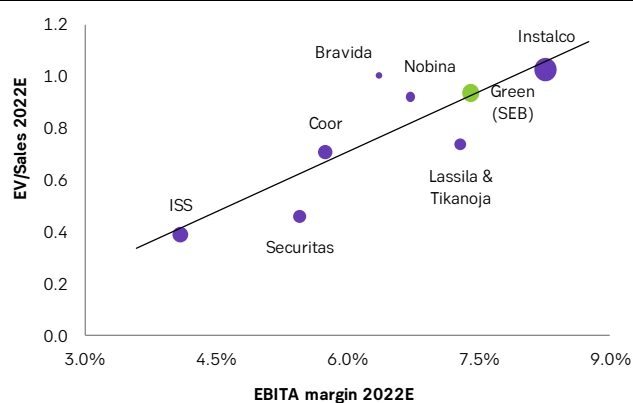
Based on our DCF valuation, we derive a fair share price range of SEK 34-46 per share with a mid-point of SEK 40 per share. At the mid-point DCF value, Green would trade at a 2022 EV/Sales of 0.9x. While this corresponds to a slight premium to Nordic service peers (0.7x), we consider it reasonable when assessing differences in future margins, as illustrated by the line of best fit below.

Peer valuation, Nordic services (current price)*



Source: Thomson Reuters, SEB, *Bubble size indicates relative sales growth, Companies covered by SEB are SEB estimates

Peer valuation, Nordic services (SEB mid-point)*



Source: Thomson Reuters, SEB, *Bubble size indicates relative sales growth, Companies covered by SEB are SEB estimates

Risks and possible concerns

- Extreme weather variations such as the mild winter seen during Q1/20 can have a significant effect on sales and profitability. In the future, management intends to alleviate potential variations, but it remains an inherent risk to its business operations, as services differ throughout the year.
- Acquisitions remain an integral part of Green's growth strategy, which brings certain risks if they turn out poorly or if the integration does not go as planned. For example, the recent expansion journey into Norway could prove unsuccessful.
- Although long-term contracts set the foundation for stable and improving profits over time, miscalculations of the potential could result in losses.
- With sales partly attributable to the public sector, Green is subject to tender processes. These carry an extra administrative burden and there is always the risk of not winning.
- The Covid-19 pandemic has so far had some effect on operations according to senior management, but still with a relatively limited scope. We believe the main risk is rather related to customers potentially delaying new contract decisions.

Estimates

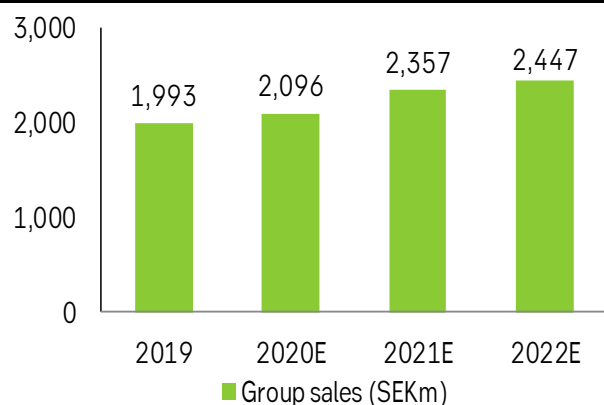
Group forecasts

We see scope for Green Landscaping's growth journey to continue in the coming years, driven by increased spending in major metropolitan areas and recent acquisitions. For the period between 2019 to 2020, we forecast revenue CAGR of 7.1%.

Following a first quarter negatively impacted by the mild winter and a shutdown of an underperforming unit in Region East, we expect negative organic growth in 2020, which will be compensated for by recent acquisitions. Assuming a normalised business environment beyond 2020 with no extreme weather effects, we estimate revenue to reach close to SEK 2.5 bn by 2022.

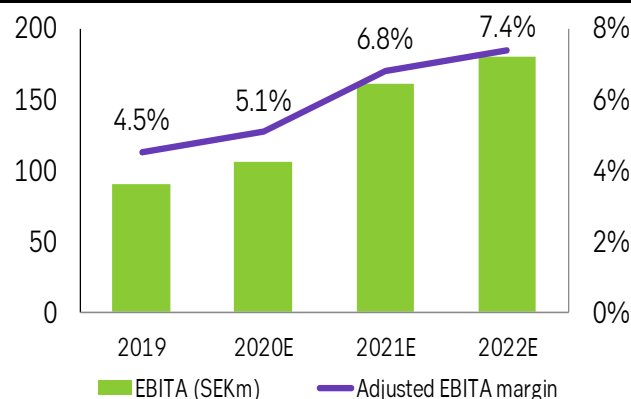
At the same time, we see ample margin upside and the latest Q2 report was an encouraging step towards the company's margin target of 8%. Through realisation of synergies, improved revenue mix and further incremental cost savings by additional professionalization, we expect the EBITA margin to increase by 2.9pp and reach 7.4% in 2022.

Group sales, 2019-22E



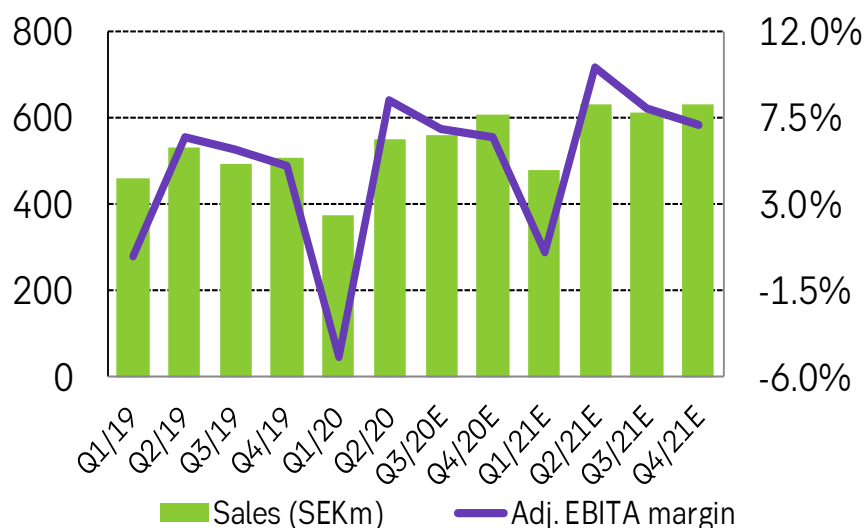
Source: SEB

EBITA and EBITA margin, 2019-22E



Source: SEB

Sales and adjusted EBITA margin by quarter, 2019-21E

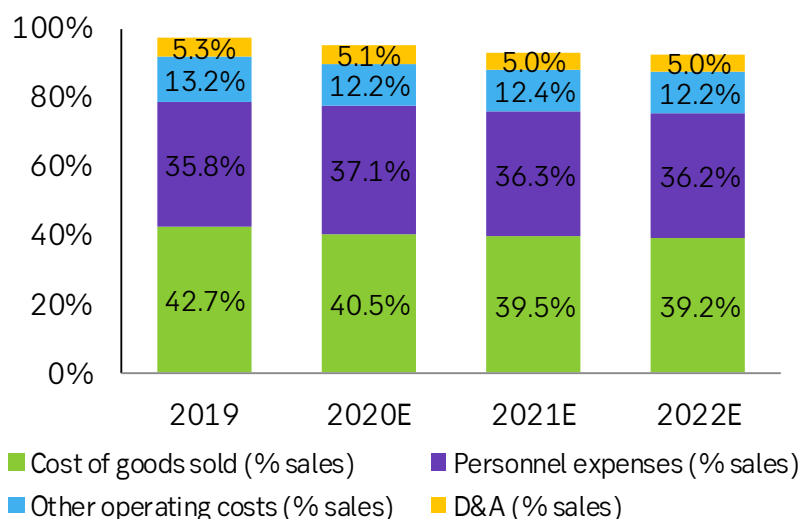


Source: SEB

Optimising the cost base on several fronts

We believe a majority of savings can be achieved within cost of goods sold and personnel expenses (historically >80% of sales) through coordinated purchasing processes and by more efficient use of human capital.

Operating cost breakdown (2019)

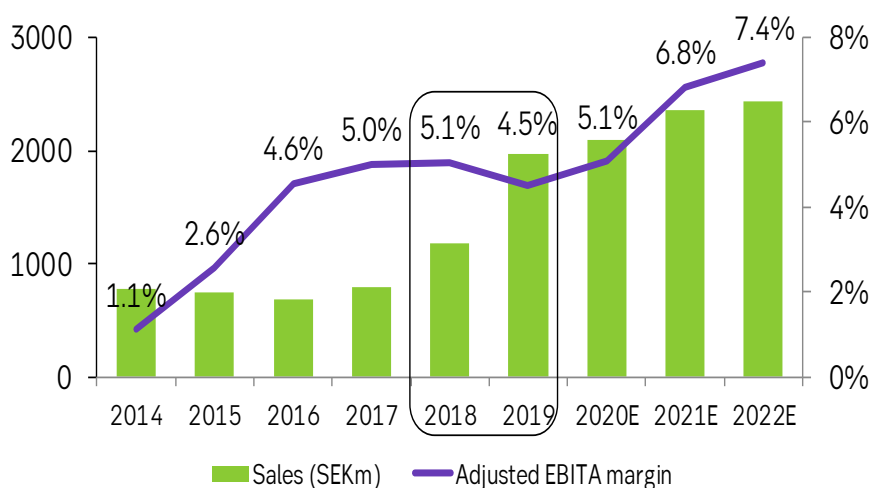


Source: SEB, Green Landscaping

Furthermore, knowledge sharing between entities sets a framework for how to work efficiently and focus on value creation. In our view, this industry is still rather immature compared to similar services such as facility management, hence further professionalization is likely to drive continuous cost improvements in the coming years.

In addition, we see margin support from strengthening the presence in Norway, as Norwegian companies generally have shown higher margins than their Swedish counterparts. In our opinion, the negative margin trend since 2018 is unsurprising, given that the acquisition of Svensk Markservice was margin dilutive and the integration efforts following the company's doubling in size. Current challenges culminated in the extremely mild winter 2019/20, which will create a material headwind on margins for the full-year 2020. However, we find the longer-term trend to be intact and see scope to take further steps towards the 8% margin target in a not-too-distant future.

Scope for margins to trend higher again

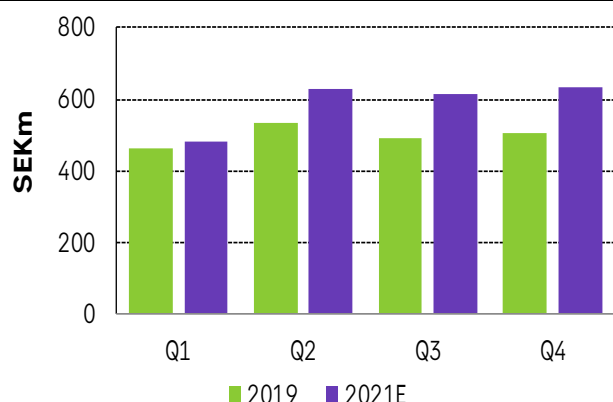


Source: SEB, Green Landscaping

Seasonal effects will remain, but to a lesser extent

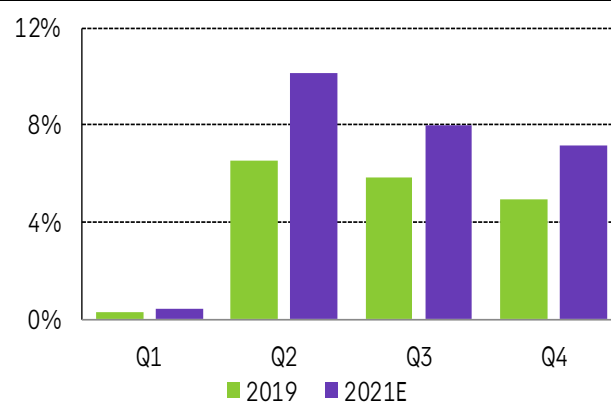
While seasonality is a natural consequence of the service offering changing throughout the year, we expect variations to decrease somewhat following initiatives from management to stabilize operations. Even though profitability in the first quarter has been a challenge historically, Q1/20 was an outlier considering the unusually mild winter. We believe that in the coming years, Green will be able to show break-even results in Q1, although it remains the most challenging quarter. A more normalized winter season alone (break-even result) would have implied around a +1pp higher operating margin in 2020.

Sales by quarter, 2019 and 2021E



Source: SEB, Green Landscaping

Adjusted EBITA margin by quarter, 2019 and 2021E

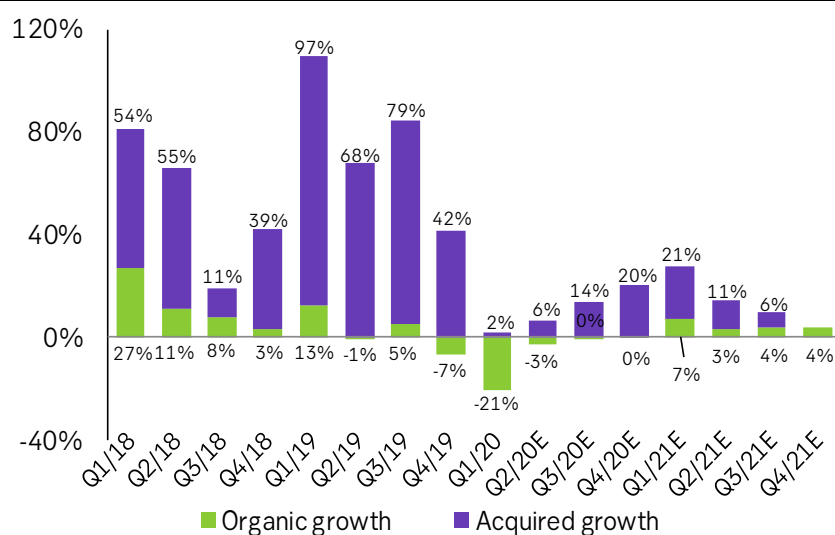


Source: SEB, Green Landscaping

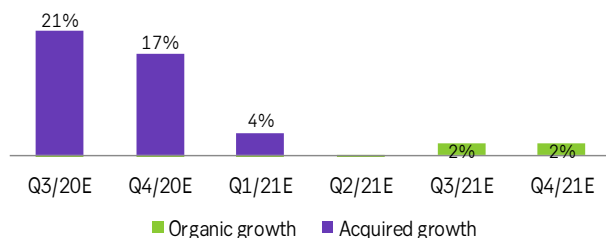
Recent acquisitions supporting growth into 2021

Historically growth has come both organically and through M&A with a larger tilt towards the latter. Year-to-date, Green has already closed four acquisitions, hence a substantial part of the near-term growth is likely to remain acquisition-driven.

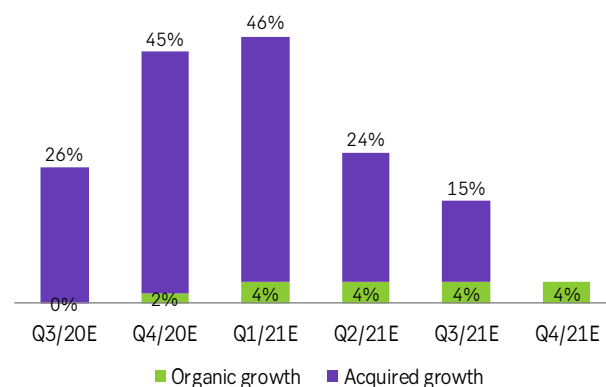
Historical growth mainly derived from acquisitions



Source: SEB, Green Landscaping

Growth in Region South supported by acquisitions...

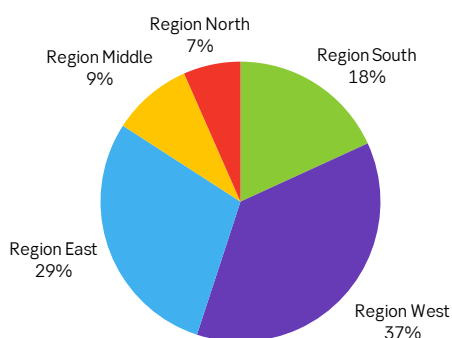
Source: SEB

...as well as Region West

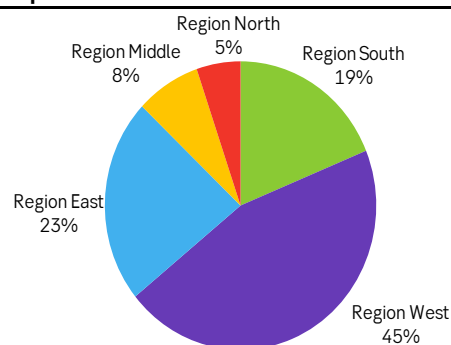
Source: SEB

Estimates by region

In the future revenue split, we forecast that the stronger growth in the major metropolitan areas (mainly Stockholm, Gothenburg, Oslo and Malmö) will be at the expense of the middle and northern region representing a smaller share of the company in the future. This effect is reinforced by recent acquisitions, as the Norwegian businesses are integrated into Region West and Park i Syd is now reporting within Region South.

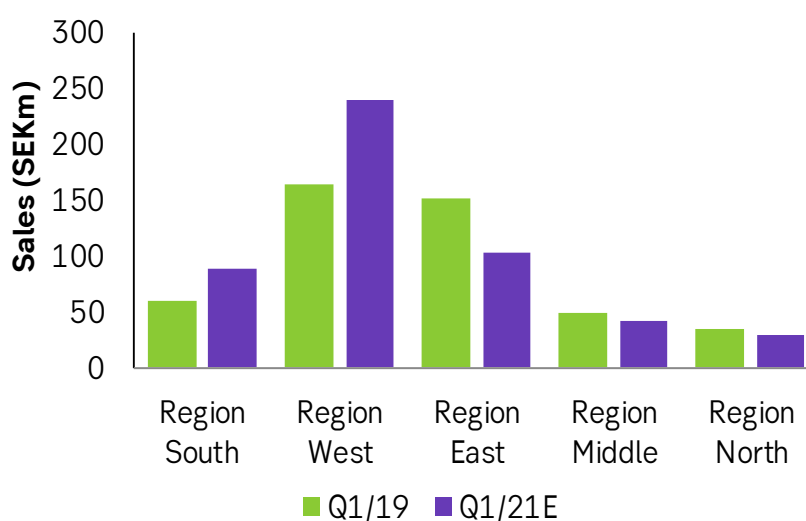
Revenue split 2019

Source: Company data

Revenue split 2022E

Source: SEB

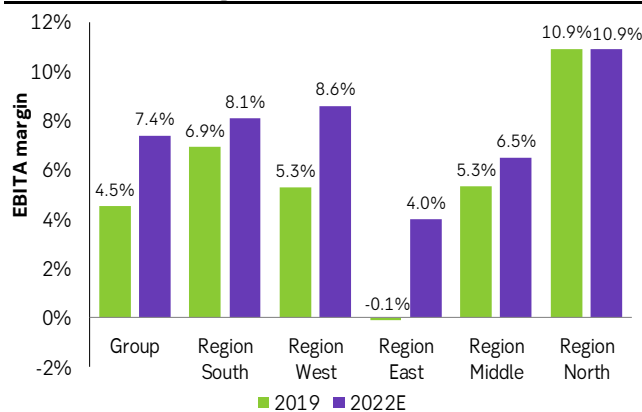
Regions Middle, North and East suffered in Q1 due to unfavourable weather conditions. We expect revenue in these regions to recover, although we have taken a conservative approach with Q1/21 revenue estimates for these regions being much in line with Q1/19.

Conservative approach on East, Middle and North following the last winter

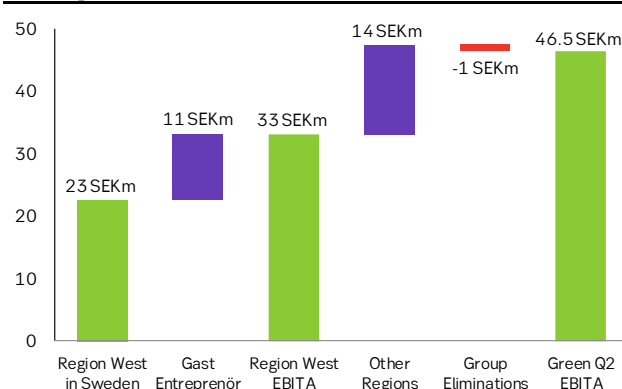
Source: SEB, Green Landscaping

Margins improvements from restructurings in East and acquisitions in West

As shown in the chart below, we see the main margin lift within Region West and Region East. Regarding Region East, we expect the recent restructuring measures to improve the margin from rather depressed levels, while Region West should see a positive mix effect from recent acquisitions in Norway. While only accounting for 14% of Region West's Q2/20 sales (6% of group sales), Gast contributed over 30% of Region West's EBITA (23% of group EBIT), according to our estimates. The recent acquisitions of TH Anlegg and Hadeland should provide further support going forward.

Adjusted EBITA margin by business unit, 2019-22E

Source: SEB

Gast significant EBITA contribution in Q2/20

Source: SEB

Detailed estimates

Interim financial statement

(SEKm)	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20	Q3/20E	Q4/20E		2020E	2021E	2022E
Sales	461	532	492	507	375	552	559	610	1,993	2,096	2,357	2,447
Growth	110%	67%	84%	35%	-19%	4%	14%	20%	69%	5%	12%	4%
- of which organic	13%	-1%	5%	-7%	-21%	-3%	0%	0%	2%	-8%	4%	4%
Cost of goods sold	-231	-203	-197	-221	-149	-225	-223	-251	-851	-848	-931	-959
Personnel expenses	-170	-188	-175	-181	-168	-192	-199	-220	-714	-779	-856	-886
Other external costs	-40	-82	-41	-45	-37	-44	-50	-55	-208	-186	-219	-210
Other operating expenses	-9	-5	-23	-19	-17	-20	-19	-14	-56	-69	-73	-88
Depreciation	-24	-28	-28	-26	-25	-24	-28	-30	-107	-107	-118	-122
EBITA	-13	26	29	15	-19	47	39	40	57	106	161	181
NRI	-14	-9	0	-10	0	0	0	0	-33	0	0	0
Adjusted EBITA	1	35	29	25	-19	47	39	40	90	106	161	181
Margin	0.3%	6.6%	5.9%	5.0%	-5.0%	8.4%	6.9%	6.5%	4.5%	5.1%	6.8%	7.4%
EBIT	-20	21	21	7	-27	37	30	31	29	71	125	145
Margin	-4.4%	3.9%	4.3%	1.4%	-7.2%	6.6%	5.4%	5.0%	1.4%	3.4%	5.3%	5.9%
Net financials	-5	-5	-5	-5	-5	-6	-5	-5	-19	-21	-18	-18
EBT	-25	16	16	3	-32	31	25	26	9	50	107	126
Taxes	-1	-1	0	-1	1	0	-1	1	-2	0	-5	-27
Net income	-26	14	17	2	-31	31	24	27	7	50	102	99
EPS	-0.71	0.40	0.46	0.05	-0.86	0.82	0.52	0.57	0.20	1.21	2.16	2.12

Source: SEB, Green Landscaping

Forecast by segment

	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20	Q2/20E	Q3/20E	Q4/20E	2019	2020E	2021E	2022E
Sales												
Region South	61	90	99	122	86	120	119	142	371	467	472	489
Region West	165	231	179	178	159	245	225	263	753	893	1,097	1,138
Region East	151	140	159	144	86	137	156	142	594	521	555	576
Region Middle	50	47	43	51	34	45	43	52	189	173	186	193
Region North	34	31	37	32	26	27	35	32	135	120	127	131
Eliminations/other	1	-6	-25	-19	-16	-22	-20	-20	-50	-78	-80	-80
Group sales	461	532	492	507	375	552	559	610	1,993	2,096	2,357	2,447
Sales growth												
Region South	95%	89%	95%	86%	42%	34%	20%	16%	90%	26%	1%	4%
Region West	61%	24%	46%	30%	-3%	6%	26%	47%	37%	19%	23%	4%
Region East	117%	80%	83%	4%	-43%	-2%	-2%	-1%	59%	-12%	7%	4%
Region Middle	153%	214%	291%	93%	-31%	-5%	0%	2%	165%	-9%	8%	4%
Region North	0%	0%	0%	214%	-23%	-14%	-5%	-2%	1209%	-11%	6%	4%
Group sales growth	110%	67%	84%	35%	-19%	4%	14%	20%	69%	5%	12%	4%
EBITA												
Region South	-1	7	6	13	-2	12	9	14	26	33	35	40
Region West	2	21	9	8	0	33	20	17	40	70	90	98
Region East	-2	2	7	-7	-15	1	5	4	-1	-4	19	23
Region Middle	-1	7	3	2	-3	-1	2	2	10	0	9	13
Region North	5	2	4	4	3	2	4	4	15	13	14	14
Group-wide expenses	-2	-3	0	5	-2	-1	-2	-2	0	-6	-6	-6
Group EBITA	1	35	29	25	-19	47	39	40	90	106	161	181
EBITA margin												
Region South	-1%	8%	6%	11%	-2%	10%	7%	10%	7%	7%	8%	8%
Region West	1%	9%	5%	5%	0%	13%	9%	6%	5%	8%	8%	9%
Region East	-2%	1%	4%	-5%	-17%	1%	4%	3%	0%	-1%	3%	4%
Region Middle	-3%	15%	7%	3%	-9%	-1%	5%	4%	5%	0%	5%	7%
Region North	14%	7%	10%	12%	12%	6%	11%	13%	11%	10%	11%	11%
Group EBITA margin	0.3%	6.6%	5.9%	5.0%	-5.0%	8.4%	6.9%	6.5%	4.5%	5.1%	6.8%	7.4%

Source: SEB, Green Landscaping

Valuation

DCF valuation

We derive a fair share price range of SEK 34-46 for Green Landscaping based on a mid-point DCF value of SEK 40 with a +/- 1% absolute change to our EBITDA assumptions being the upper- and lower end. Our weighted average cost of capital is 7.6%. We use explicit forecasts for 2020-30 and then make the following assumptions:

- Revenue terminal growth rate of 2%
- A steady state EBIT margin of 7.4% beyond our forecast period
- Working capital to stabilize at 4.2% of sales

Mid-point DCF valuation			
DCF valuation (SEKm)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	984	Risk free interest rate	2.5
NPV of continuing value	1,306	Risk premium	6.0
Value of operation	2,290	Cost of equity	8.5
Net debt	408	After tax cost of debt	3.5
Share issue/buy-back in forecast period	-	WACC	7.6
Value of associated companies	-		
Value of minority shareholders' equity	-		
Value of marketable assets	-	Assumptions	
DCF value of equity	1,882	Number of forecast years	10
DCF value per share (SEK)	40	EBIT margin - steady state (%)	7.4
Current share price (SEK)	-	EBIT multiple - steady state (x)	11.3
DCF performance potential (%)	21	Continuing value (% of NPV)	57.0

Source: SEB

DCF Sensitivity I

		Cost of equity (%)					
		7.5	8.0	8.5	9.0	9.5	
Equity capital weight (%)	62	63	59	55	52	49	
	72	54	50	47	44	41	
	82	46	43	40	37	35	
	92	41	38	35	32	30	
	100	37	34	31	29	27	

Source: SEB

DCF Sensitivity II

		Absolute change in EBITDA margin - all years					
		-2%	-1%	0	+1%	+2%	
Abs. change in sales growth - all years	-2%	25	30	35	40	45	
	-1%	27	32	37	43	48	
	0	29	34	40	46	51	
	+1%	31	37	43	49	55	
	+2%	34	40	46	53	59	

Source: SEB

Mid-point DCF valuation - detailed assumptions

(SEKm)	2020E	2021E	2022E	2023E	2024E	Average year 6	Average year 7-8	Average year 9-10
Sales growth (%)	5.8	12.9	3.8	3.8	3.4	2.8	2.5	2.4
EBITDA margin (%)	10.2	11.8	12.4	12.4	12.6	12.6	12.6	12.6
EBIT margin (%)	3.4	5.3	5.9	6.1	6.3	6.5	6.9	7.3
Gross capital expenditures as % of sales	13.3	5.6	4.9	4.8	4.6	4.6	4.6	4.6
Working capital as % of sales	3.7	4.0	4.1	4.2	4.2	4.2	4.2	4.2
Sales	2,088	2,357	2,447	2,541	2,627	2,701	2,804	2,940
Depreciation	(107)	(118)	(122)	(122)	(127)	(125)	(130)	(137)
Intangibles amortisation	(36)	(35)	(37)	(38)	(39)	(39)	(28)	(18)
EBIT	70	125	145	155	164	175	195	216
Taxes on EBIT	(23)	(34)	(39)	(41)	(44)	(46)	(48)	(50)
Increase in deferred taxes	0	0	0	0	0	0	0	0
NOPLAT	84	126	143	152	160	169	175	184
Gross capital expenditure	(277)	(131)	(119)	(122)	(122)	(125)	(130)	(137)
Increase in working capital	(7)	(17)	(6)	(6)	(5)	(3)	(3)	(3)
Free cash flow	(94)	96	140	146	160	166	172	181
ROIC (%)	9.6	12.9	13.3	14.6	16.0	17.5	18.9	20.6
ROIC-WACC (%)	1.9	5.3	5.6	6.9	8.4	9.8	11.3	13.0
Share of total net present value (%)	0.0	4.0	5.4	5.2	5.3	5.1	9.5	8.6

Source: SEB

Peer group valuation

Green has no listed peer in the Nordic region that matches its role as a service provider within the market for green areas and outdoor environments. Nevertheless, there are several listed service companies such as Coor Service Management and ISS (facility management) as well as Lassila & Tikanoja, Nobina etc. with similar characteristics (long-term contracts, public sector exposure) to Green. We believe these serve as main peers.

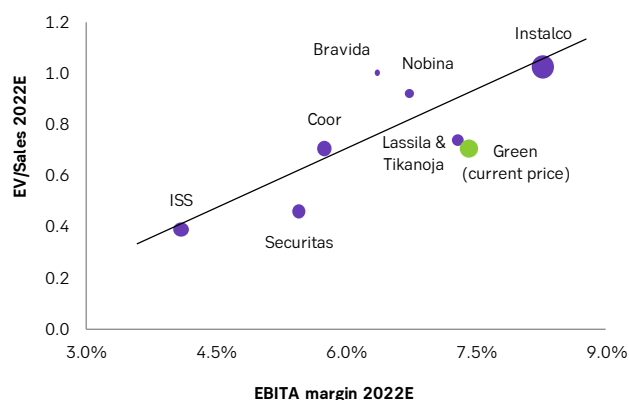
Peer group 1 - Nordic services

				EV/Sales			EV/EBITA			PER			Sales CAGR %	EBITA margin	EBITA CAGR %
	Ccy	Price (local)	Mcap (EUR)	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	20-22E	22E (%)	20-22E
Nordic services peers															
Bravida	SEK	104.3	2,097	1.0	1.0	1.0	17.0	16.7	15.8	21.8	21.4	20.5	0.9	6.4	3.0
Coor	SEK	62.8	580	0.8	0.7	0.7	14.8	13.3	12.3	15.3	13.0	12.4	5.3	5.7	9.7
Instalco	SEK	165.6	894	1.3	1.2	1.0	16.0	14.5	12.4	18.5	17.2	14.9	12.5	8.3	13.1
ISS	DKK	94.5	2,359	0.5	0.4	0.4		11.6	9.5		10.6	8.8	5.3	4.1	
Lassila & Tikanoja	EUR	13.8	533	0.9	0.8	0.7	16.0	11.7	10.1	17.2	12.9	11.6	3.4	7.3	20.8
Nobina	SEK	53.0	451	1.0	1.0	0.9	15.3	17.0	13.7	13.7	17.8	12.4	2.3	6.7	5.7
Securitas	SEK	127.9	4,418	0.5	0.5	0.5	12.1	9.5	8.4	14.8	11.9	10.7	4.6	5.5	16.9
Average			1,619	0.9	0.8	0.7	15.2	13.5	11.8	16.9	14.9	13.0	4.9	6.3	11.5
Green Landscaping (curr.)	SEK	33.1	149	0.9	0.8	0.7	18.5	11.6	9.5	16.4	11.8	11.4	8.1	7.4	30.6
(prem/disc)				10%	-2%	-6%	22%	-14%	-19%	-3%	-21%	-12%	3.2	1.1	19.1

Source: Thomson Reuters, SEB

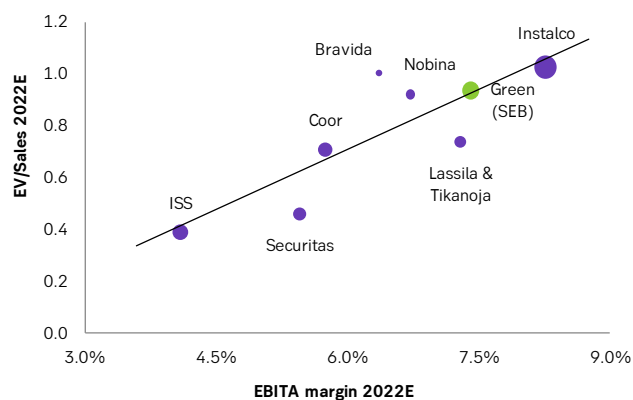
Based on our forecasts and mid-point DCF value of SEK 40, Green would trade at an EV/Sales multiple of 0.9x for 2022E. This corresponds to a premium to Nordic service companies (0.7x), which could be warranted by an above-average operating margin. At the current share price, Green trades at EV/Sales of 0.7x.

Peer valuation, Nordic services (current price)*



Source: Thomson Reuters, SEB, *Bubble size indicates relative sales growth, Companies covered by SEB are SEB estimates

Peer valuation, Nordic services (SEB mid-point)*



Source: Thomson Reuters, SEB, *Bubble size indicates relative sales growth, Companies covered by SEB are SEB estimates

As a supplementary comparison to Nordic service providers, we have also looked at other international service, supplier and manufacturing companies exposed to the green market such as Brightview, SiteOne Landscape Supply and Husqvarna. Companies in this peer group have a direct presence within the landscaping market in different parts of the value chain, hence they experience a range of different margin profiles. Of the below-mentioned peers, we see Brightview as Green's most comparable peer given that they share several key characteristics. In the peer overview section, we have provided a detailed description of the companies included.

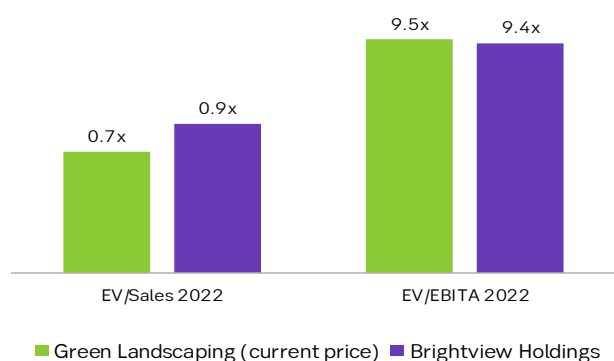
Peer group 2 - International green

				EV/Sales			EV/EBITA			PER			Sales CAGR %	EBITA margin	EBITA CAGR %
	Ccy	Price (local)	Mcap (EUR)	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	20-22E	22E (%)	20-22E
International green peers															
Brightview	USD	11.4	1,007	1.0	0.9	0.9	12.3	10.7	9.4	12.5	10.4	8.3	6.7	9.3	14.3
Husqvarna	SEK	92.0	5,098	1.6	1.5	1.4	15.3	15.3	14.3	19.5	19.8	18.9	1.1	10.1	0.3
Pool Corp	USD	300.3	10,161	3.5	3.2	2.9	31.8	27.9	23.5	40.4	36.1	30.9	8.7	12.5	16.3
SiteOne Landscape Supply	USD	112.4	4,189	2.2	2.0	1.9	31.1	28.1	24.4	47.9	44.6	37.1	7.9	7.6	12.8
Scotts Miracle-Gro	USD	160.0	7,533	2.6	2.6	2.5	16.2	15.7	15.4	23.7	21.9	20.9	2.4	16.3	2.6
Toro	USD	82.2	7,448	2.8	2.6	2.4	21.6	18.3		28.7	24.6	20.9	7.3		
Average			5,906	2.3	2.1	2.0	21.4	19.3	17.4	28.8	26.2	22.8	5.7	11.1	9.2
Green Landscaping (curr.)	SEK	33.1	149	0.9	0.8	0.7	18.5	11.6	9.5	16.4	11.8	11.4	8.1	7.4	30.6
(prem/disc)				-59%	-63%	-65%	-14%	-40%	-45%	-43%	-55%	-50%	2.4	-3.7	21.4

Source: Thomson Reuters, SEB

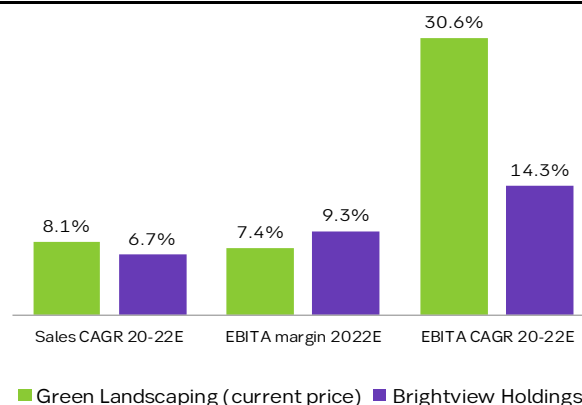
Based on our forecasts, Green trades relatively in line with Brightview. While trading at a discount of 19% on EV/Sales, Green trades at a 1% EV/EBITA premium compared to Brightview on 2022 estimates. We note that we estimate Green to surpass Brightview in terms of revenue growth and margin improvement potential.

Valuations differ between Green and Brightview...



Source: Thomson Reuters, SEB

...but so does expected growth and margin potential



Source: Thomson Reuters, SEB

Company description

Introduction

Green Landscaping is Sweden's leading provider of maintenance and landscaping of green areas and outdoor environments. Services include cleaning, lawn mowing, tree care, road maintenance and snow and ice removal during the winter. In addition, outdoor environments are constructed around buildings and in parks through landscaping services.

Timeline of events

Year	Event
2009	The company is founded by FSN Capital III through the merger of four companies.
2013	Acquisition of Jacksons Trädvård, the company's main service provider within arborist services.
2014	Acquisition of GML Sport, the first major brand within sports landscaping.
2015	The current CEO, Johan Nordström, joins the Green family. A reorganization of the company is initiated.
2016	After significant improvements in customer satisfaction, the focus shifts towards growth.
2017	Four acquisitions are made - Björntreprenad, Tranemo Trädgårdstjänst, JE Mark and Jordelit.
2018	Green Landscaping's shares are listed on Nasdaq First North.
2018	Green acquires Svensk Markservice, previously the main competitor.
2019	The company completed a change of listing to the Nasdaq Stockholm main list.
2019	Green is reorganized into five geographical regions.
2020	Green Landscaping makes its first acquisition outside Sweden, Gast Entreprenör with operations in the Oslo region.

Source: Green Landscaping

Founded in 2009 through the merger of four companies, Green has grown into the largest player in the market mainly supported by acquisitions. In 2019, the company had a turnover of almost SEK 2bn in the addressable Swedish market of approximately SEK 22bn. During this year, Green has acquired three companies in Norway, marking the company's first step outside Sweden.

Growth story and significant development

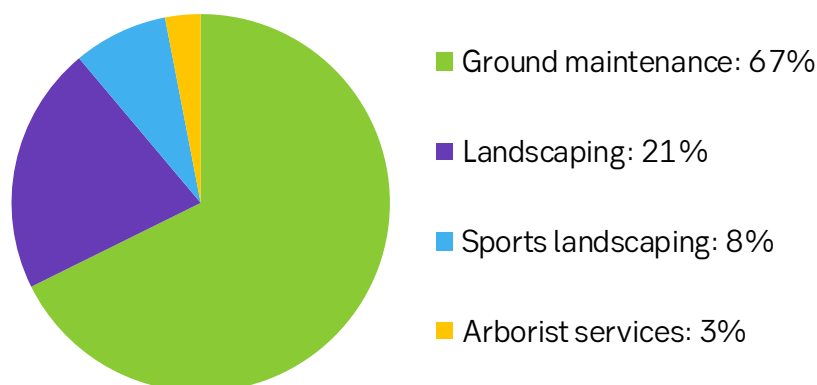


Source: SEB, Green Landscaping

Service offering

Green's service offering can be divided into four segments: ground maintenance, landscaping, sports landscaping and arborist services.

Revenue split by product segment (2019)



Source: Green Landscaping

Ground maintenance

Ground maintenance is Green's largest service area, accounting for 67% of sales in 2019. Ground maintenance or gardening includes cleaning, lawn mowing, pruning, planting, harvesting and road maintenance. During winter, the company offers snow and ice removal services. Gardening and winter operations corresponds to 50% and 17% of total sales, respectively.

The market for these services is characterised by long-term contracts stretching over several years. Ground maintenance has traditionally been performed inhouse by municipalities while companies have rather used external suppliers such as Green Landscaping. In 2016, approximately 60% of ground maintenance services was outsourced, a rate which Green expects to be flat in the coming years. According to the company, contracts typically run for three to five years with the option to extend for an additional two or four years, although for housing cooperatives and smaller customers, contracts are rather one year long with annual renewal.

Ground maintenance short description

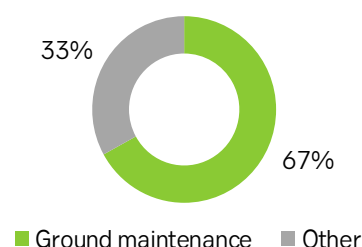
Ground maintenance

Renovation and maintenance of land and green areas as well as snow removal and deicing



Source: Green Landscaping

Ground maintenance, % of sales (2019)



Source: Green Landscaping

Landscaping

Landscaping accounted for 21% of sales in 2019 and consists of services for the creation of new green areas and outdoor environments. Services offered include project planning, landscaping and renovation of green areas, along with construction projects like playgrounds and other minor outdoor structures.

Landscaping has a high degree of outsourcing at 97%, a level that the company expects to be maintained. Despite having a somewhat different product portfolio from ground maintenance, the two are closely intertwined as landscaping is often added as upselling linked to the ongoing contract for ground maintenance. Thus, the customer base does not necessarily differ from ground maintenance, although contracts are instead generally project based.

Landscaping short description

Landscaping

Surface planning and construction of parks and playgrounds

PARK
- förnyar och värdar gröna ytor

TRANEMO
Trädgårdstjänst AB

Mark & miljö
projekt

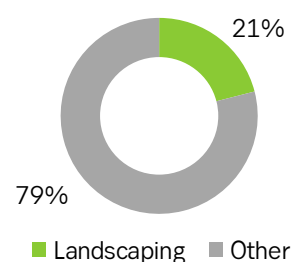
GAST
ENTREPRENÖR

HADELAND
MASKINDRIFT AS
www.hmd.as

JE MARK

Source: Green Landscaping

Landscaping, % of sales (2019)



Source: Green Landscaping

Sports landscaping

Comprising 8% of total sales in 2019, sports landscaping services are offered through the subsidiaries Svensk Jordelit and GML Sport. Products and services include maintenance of facilities, advisory services and the sale of products and smaller machinery. Applications for these products and services are for all sports practiced on grass, albeit most commonly football fields and golf courses. Thus, sales are stronger when the weather is milder.

Sports landscaping short description

Sports Landscaping

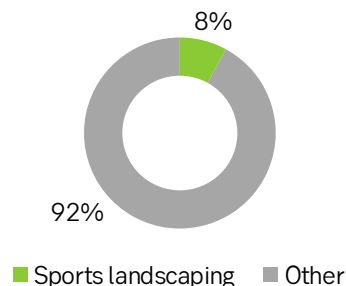
Planning, construction and maintenance of sports facilities and golf courses, both outdoors and indoors



JORDELIT

Source: Green Landscaping

Sports landscaping, % of sales (2019)



Source: Green Landscaping

Arborist services

Through Jacksons Trädvård and its subsidiaries, arborist services accounted for approximately 3% of consolidated sales in 2019. Services include consulting, tree care and tree felling, biomass management and general care of forests near densely populated areas. Value created from these services lies in both aesthetically improved environments and increased safety through increased visibility and accessibility around streets and walking/biking paths.

Only around 8% of arborist services are outsourced according to the company, corresponding to an addressable market size of SEK 778m in 2016. Contracts in the service area are typically long-term framework agreements or smaller assignments where an hourly fee is charged. Sales are generally higher during the latter part of the year.

Arborist services, short description

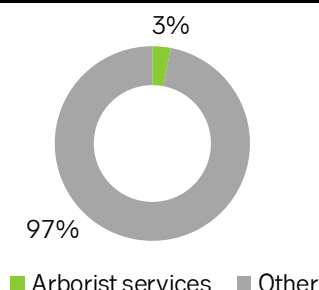
Arborist services

Tree care, pruning, forestry, nature conservation, bioenergy and recycling



Source: Green Landscaping

Arborist services, % of sales (2019)



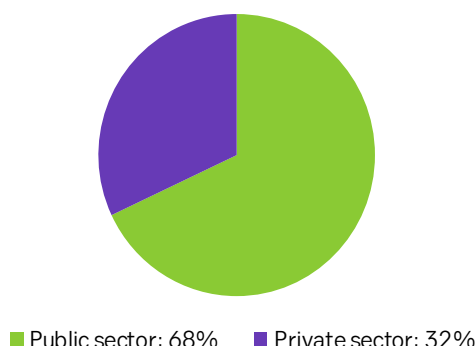
Source: Green Landscaping

Customer base

Stable customer base with long-term contracts as the norm

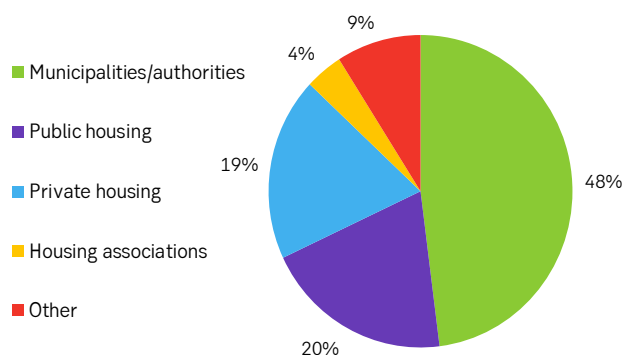
Of Green's revenue, about two-thirds comes from the public sector. The customer base is diversified, including municipalities, government agencies, public companies, private housing and construction companies, as well as housing cooperatives and other communities and associations.

Public vs private sector sales (2019)



Source: Green Landscaping

Sales by customer segment (2019)



Source: Green Landscaping

Business is largely conducted through contracts, and Green has over 250 major contracts (defined as having an annual value of more than SEK 250,000). The average service contract span is four years and in addition, there are possibilities of contract extension at the end of each contract period, typically for an additional two to four years.

Long term potential of a typical ground maintenance contract

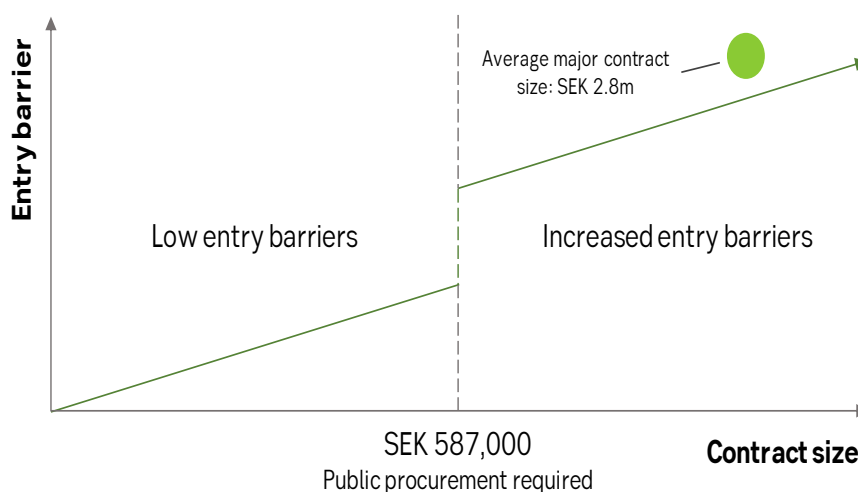


Source: Green Landscaping

Barriers to entry

With the public sector accounting for most sales, Green is subject to tender processes. In Sweden, public contracts with a value over SEK 587,000 are subject to The Public Procurement Act, which sets certain criteria to establish fair competition amongst potential suppliers. Thus, public procurement procedures come with an increased administrative burden, which filters out smaller players as competing incurs extra costs.

Indicative barriers to entry



Source: SEB, Green Landscaping

Through its extensive track record, Green has leverage in negotiations and can highlight attractive characteristics such as skilled personnel or references from similar contracts. In other words, expertise in tender processes becomes one of Green's key competencies, and its size and track record have proven advantageous historically.

Structured bidding processes builds success

To be efficient and dynamic in winning new contracts, Green has established a structured bidding process. The structured bidding process is aligned with the company's decentralised organisation and enables units to be flexible and adjust to local preferences and demands.

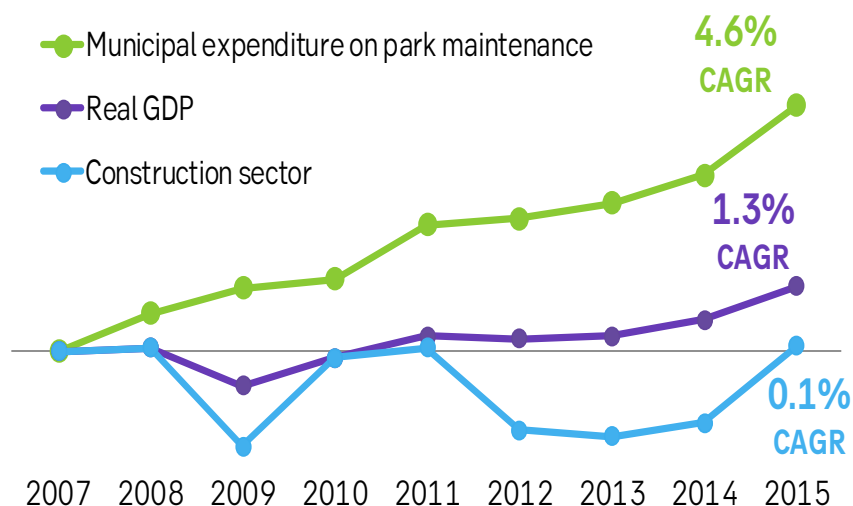
Contracts with a value of less than SEK 0.5m are primarily handled by local area managers, supported by regional managers if necessary. For larger contracts, local and regional management have shared responsibility. At the end of 2017, Green won almost 50% of contract bids, a significant improvement from 20-25% a couple of years earlier. The long-term sustainable target to win 30% of contract bids, although the key focus is customer retention and gaining renewed trust on existing contracts when they are due.

Public sector

48% of Green's sales comes from municipalities and other state/regional authorities and 20% from public property/housing. Thus, the public sector is an important customer segment for Green, albeit a diversified one containing many different public organisations across Sweden. Public contracts tend to be larger than their private counterparts, averaging values of SEK 10-15m.

The public sector has proven to be a stable customer over time. Between 2007 and 2015, through a period containing economic recession and a financial crisis, municipal spending on park management grew with a CAGR of 4.6%. This can be compared to the real GDP CAGR of 1.3% and the construction sector essentially remaining flat over the same period. Thus, it is a clear priority and highly valued by the public to maintain available green areas even in times of economic downturns, and approximately 1% of municipal budgets are allocated to maintaining outdoor environments.

Municipal spending on park maintenance growing despite economic slowdown



Source: Green Landscaping

Private sector

The remaining 32% of revenue is from the private sector. This includes private property/housing companies, housing cooperatives and other organisations (such as communities, associations and private companies), accounting for 19%, 4% and 9% of sales respectively). Contracts are typically somewhat shorter in the private sector, although customers tend to be stickier as contracts are renewed unless service quality is poor.

Business segments and house of brands

Green Landscaping is divided into five geographic segments: South, West, East, Middle and North. Brands are present in one or several regions.

Green Landscaping house of brands



Source: Green Landscaping

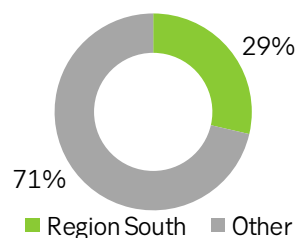
Region South (18% of sales): Region South includes the counties of Skåne and Halland. The service offering consists of ground maintenance and landscaping, and the division reported an adjusted EBITA margin of 6.9% in 2019. Brands and subsidiaries active in this region are Mark & Miljö Projekt, Mark & Trädgård Skottorp, Park i Syd and Green Landscaping.

Overview of Region South



Source: Green Landscaping

Region South, Adjusted EBITA contribution (2019)



Source: SEB, Green Landscaping

Region West (37% of sales): Encompassing the counties of Västra Götaland, Jönköping, Kronoberg and Östergötland, services offered are ground maintenance, landscaping and sports landscaping. The adjusted EBITA margin reached 5.3% for the year 2019. Relevant brands and subsidiaries for this division includes Tranemo Trädgårdstjänst, Jacksons Trädvård, GML Sport, Svensk Jordelit, Svensk Markservice and Green Landscaping. During 2020, Gast Entreprenör and Hadeland Maskindrift were integrated into Region West, extending this divisions operation's into Norway.

Overview of Region West

Region West

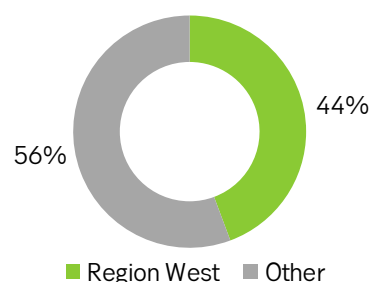
- Västra Götaland, Jönköping, Kronoberg,
Östergötland, Oslo Region

Product segments: Ground maintenance,
Landscaping, Sports landscaping



Source: Green Landscaping

Region West, Adjusted EBITA contribution (2019)



Source: SEB, Green Landscaping

Region East (29% of sales): The eastern region comprises Stockholm county and parts of Uppland. Ground maintenance, landscaping and arborist services are offered in this division. With an adjusted EBITA margin of -0.1% in 2019, it was the only region reporting a loss. Brands and subsidiaries active in Region East include JE Mark, Björnentreprenad, Jacksons Trädvård, Svensk Markservice and Green Landscaping.

Overview of Region East

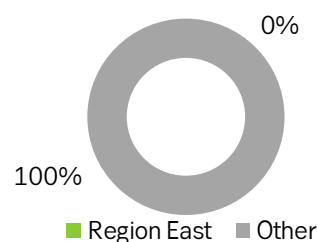
Region East

- Stockholm, parts of Uppland
Product segments: Ground maintenance,
Landscaping, Arborist services



Source: Green Landscaping

Region East, Adjusted EBITA contribution (2019)



Source: SEB, Green Landscaping

Region Middle (9% of sales): Covering the counties of Värmland, Örebro, Västmanland, Dalarna, Gävleborg, Uppsala and Roslagen, services offered are ground maintenance and landscaping. During 2019 the division had an adjusted EBITA margin of 5.3%. Brands and subsidiaries active in this region are Svensk Markservice and Green Landscaping.

Overview of Region Middle

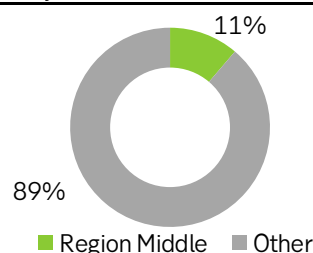
Region Middle

- Värmland, Örebro, Västmanland, Dalarna,
Gävleborg, Uppsala, Roslagen
Product segments: Ground maintenance,
Landscaping



Source: Green Landscaping

Region Middle, Adjusted EBITA contribution (2019)



Source: SEB, Green Landscaping

Region North (7% of sales): Västerbotten, Västernorrland, Jämtland and partly Gävleborg are the counties where the northern region is active. The service offering consists of ground maintenance and landscaping. The adjusted EBITA margin was 10.8% for 2019, currently making it the most profitable division albeit the smallest in terms of revenue. Svensk Markservice is the only subsidiary active in the region.

Overview of Region North

Region North

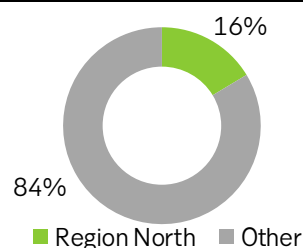
- Västerbotten, Västernorrland, Jämtland, parts of Gävleborg

Product segments: Ground maintenance, Landscaping



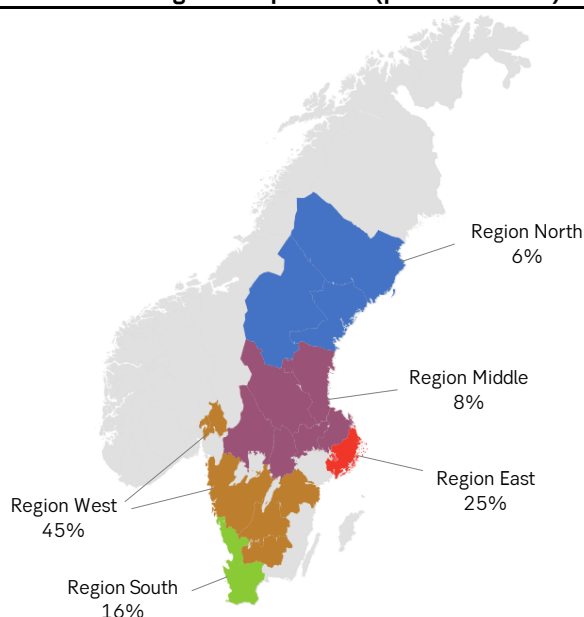
Source: Green Landscaping

Region North, Adjusted EBITA contribution (2019)



Source: SEB, Green Landscaping

Counties where Green has significant presence (pro forma 2019)



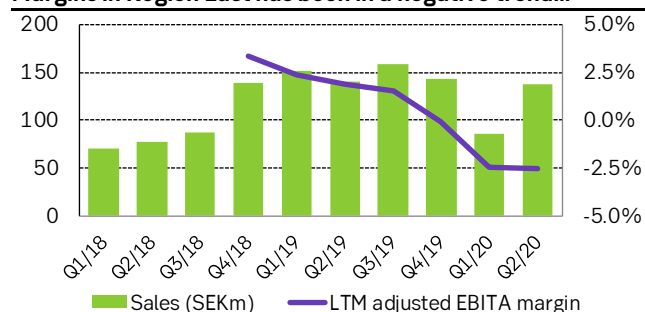
Source: SEB

Significant recent developments

Challenges in Region East and recent restructuring

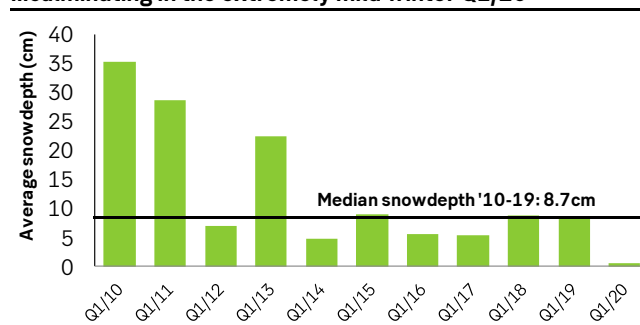
Mainly operating in Stockholm County, Region East has struggled with declining profits and stagnating growth in the last few years. On top of this, the aforementioned mild winter severely affected the division which reported an organic growth of -43% and an adjusted EBITA margin of -17% for the first quarter of 2020. Nevertheless, the region has been struggling with profitability for a period and management have taken several measures to turnaround operations, most recently closing-down an underperforming unit.

Margins in Region East has been in a negative trend...



Source: Green Landscaping

...culminating in the extremely mild winter Q1/20*



Source: SEB, SMHI, *Data for Stockholm County

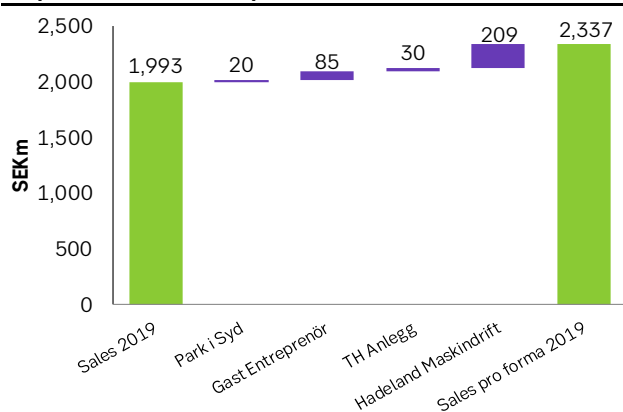
The restructuring of Region East has created more profit centres, for instance differentiating between operations in the Stockholm city centre and outer area, in order to increase decentralization and streamline operations. In addition, Pontus Monthan has been appointed as the new regional manager of the division. Mr. Monthan joins Green with more than 20 years of experience from leading positions, including several years in the facility management industry.

During Q2/20, some additional changes were made and landscaping services in Svensk Markservice were shut down in Stockholm due to unsatisfactory performance. Region East reported a 2.2% sales decline for the quarter but adjusting for the substantial shutdown (ca 4% of group sales), East grew approximately 13%.

Multiple acquisitions and Green Landscaping moving into Norway

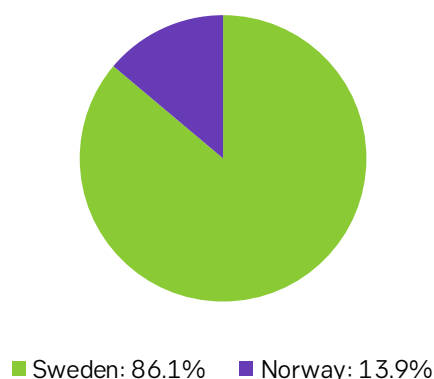
As previously mentioned, Green Landscaping entered the Norwegian market in 2020. All acquisitions (Gast Entreprenör, TH Anlegg and Hadeland Maskindrift) are mainly present in the Oslo region. Previous owners also remain in the company as shareholders of Green Landscaping. As highlighted in conjunction with the acquisition, Gast has shown impressive profitability, reaching an operating margin of approximately 20% in 2019.

Acquisitions of 2020 impact on sales



Source: SEB, Green Landscaping

Pro forma sales by country (2019)



Source: SEB, Green Landscaping

In addition to the international expansion, Park i Syd was acquired during this year. Park i Syd offers landscaping services in the south of Sweden and will consequently report under Region South. The Norwegian operations are incorporated into Region West.

New share issue June 2020

Following the acquisitions of Gast and Park i Syd in February, Green announced its intention to carry out a rights issue. The purpose of the share issue was to make the company ready for continued expansion through additional acquisitions. The share issue was fully subscribed and raised approximately SEK 148.6m to the company net of fees.

Financial targets

- **Sales growth:** 10% per year (68.9% 2019; 1.6% organic)
- **Profitability:** 8% EBITA margin (4.5% 2019)
- **Leverage:** Less than 2.5x EBITDA (2.8x 2019)
- **Dividend:** 40% of net profit (0% 2019)

Financial targets are set for the medium to long term. Sales growth is not exclusively organic and is thus in line with the company's acquisition agenda. Given the sales CAGR of 15.9% between 2011-2019, we see the target of 10% as reasonable.

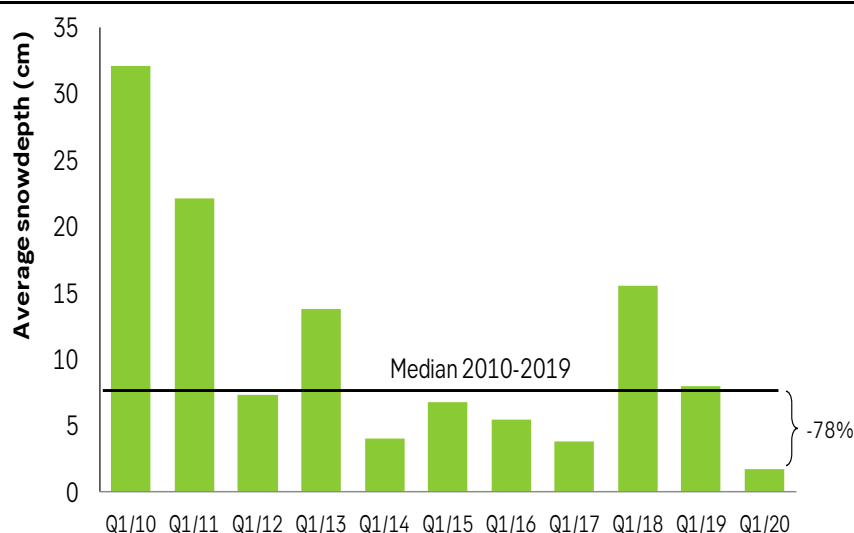
Near-term, we believe the 8% EBITA margin target is the most ambitious one, to be compared with an adjusted EBITA margin of 4.5% in 2019. However, last year showed rather depressed margin levels following the acquisition of Svensk Markservice and the realisation of cost synergies coupled with additional savings should lend support. Also, the new entry into Norway will have a clear effect given the high margin level of recent acquisitions.

Leverage targets are set to keep the company financially healthy during its rapid expansion. The net debt target of 2.5x EBITDA does however have some flexibility, as strategic opportunities are being prioritized, and leverage ratios have historically been temporarily elevated. As for dividends, the company has yet to initiate pay-outs, and we consider growth opportunities to be prioritised near term.

Seasonality

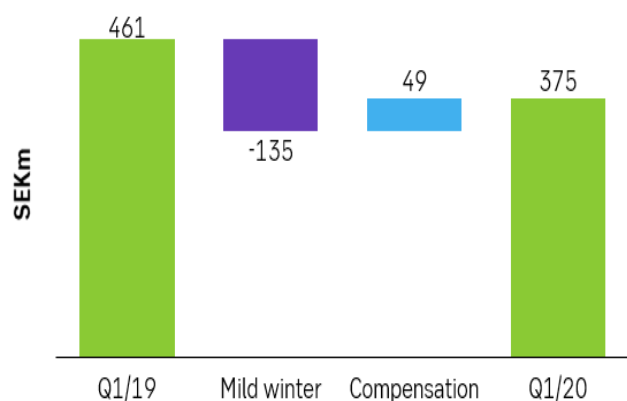
Green reported an adjusted EBITA margin of -5% in Q1 2020, making it the company's most challenging quarter to date in terms of profitability. This is largely explained by the weather: there was significantly less snow than usual, curbing the normal potential of the winter operations. Since weather affects the demand for snow removal, grass cutting etc., Green is clearly subject to seasonal effects. The winter season is considered the low season and the first quarter tends to be the least profitable, averaging adjusted EBITA margins of -2.4% since 2017.

Significant weather impact Q1/20, 78% less snow than 10-year median

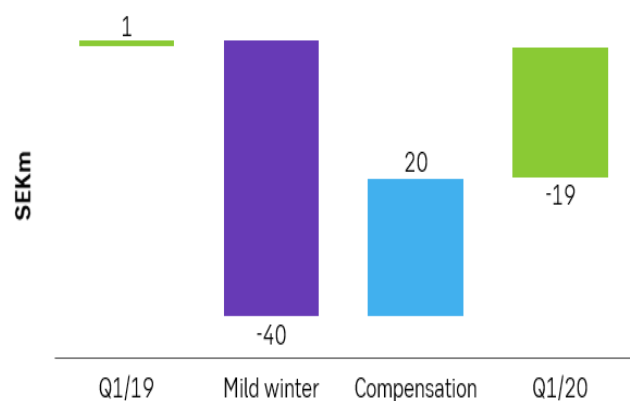


Source: SMHI, SEB, *Average snow depth based on Green Landscaping's geographic sales split

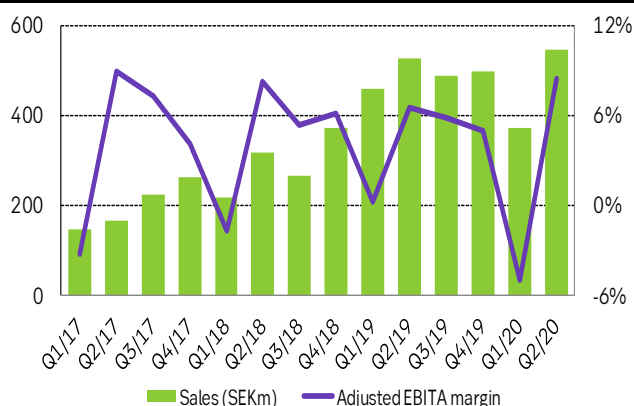
Management is taking several steps to lower the impact of seasonality. These include being more flexible in offering services such as landscaping earlier during milder winters and springs as well as sharing risks regarding weather uncertainties with their customers and suppliers. The company also aims to have a higher share of seasonal workers and subcontractors during the high season.

Weather impact on revenue, Q1/20 vs. Q1/19


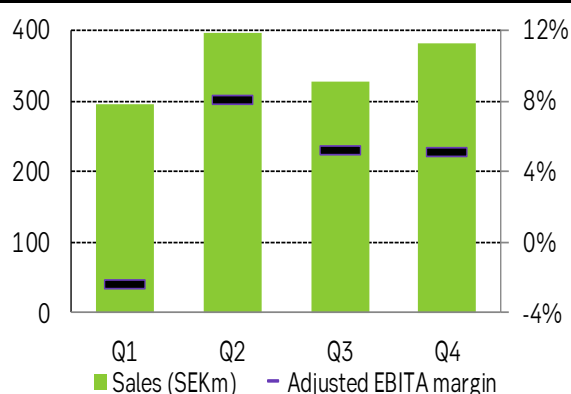
Source: Green Landscaping

Weather impact on adjusted EBITA, Q1/20 vs. Q1/19


Source: Green Landscaping

Quarterly performance, Q1/17-Q1/20


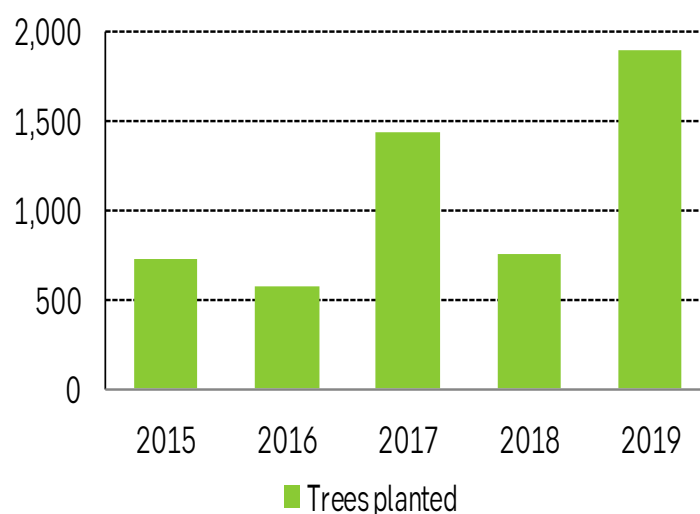
Source: Green Landscaping

Seasonality (average 2017-2020)


Source: Green Landscaping

Sustainability

For a company like Green Landscaping, preserving green areas and aiming for a more environmental-friendly and sustainable society is a natural part of its operations. In addition, as cities grow, providing and maintaining safe and clean outdoor environments is fundamental for the general well-being of city dwellers.

Number of trees planted

Source: Green Landscaping

Besides environmental aspects, Green's sustainability framework also encompasses a focus on long-term mutual benefit between themselves and their stakeholders. Since 2015, management follows up employee and customer satisfaction by measuring a net promoter score annually. In the last few years, these metrics have improved significantly, reflecting higher customer retention and lower employee turnover.

Substantial increase in employee & customer satisfaction

Source: Green Landscaping

Green Steps

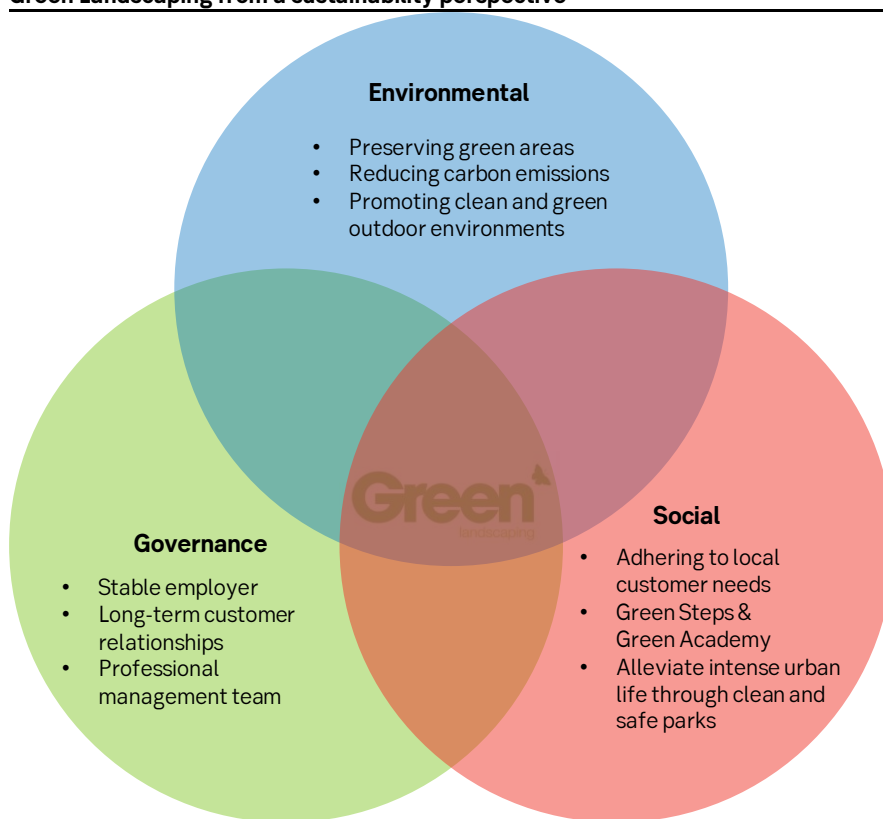
Another approach towards social responsibility is through Green Steps, which is an integration programme initiated in 2018. By collaborating with customers and government bodies, new immigrants and long-term unemployed are being introduced to the workforce. By offering a combination of training and work experience over a 24-month period, participants are given a chance to establish themselves in society. The initiative strives to create an inclusive society and for the company, secure much expertise needed for the long term. There are currently 25 participants in Green Steps and in 2019, the first two participants completed the programme and were offered employment in Green Landscaping.

Public costs for social exclusion (such as long-term unemployment or a criminal lifestyle) could be quite substantial and moving one individual from idleness to employment will result in major indirect public cost savings. This could be a positive soft criterion in public contract negotiations for Green.

Green Academy

In order to lower employee turnover and motivate employees, Green aims to give all employees opportunities to broaden their knowledge and deepen their skills. The Green Academy was initiated in 2016 and its purpose is to encourage learning. Interests are identified on an individual basis in order to develop each employee based on their personal goals and the areas where they personally want to progress the most. Through continuous learning of employees in aspects such as leadership or special machinery, Green can maximize customer value and service quality over the long term.

Green Landscaping from a sustainability perspective



Source: SEB

Shareholders

The two largest owners are Byggmästare Anders J Ahlström Holding and the Salén family. Together with CEO Johan Nordström and CoB Per Sjöstrand, they hold a majority stake in the company. Notably, several individuals with leading positions within Green hold significant stakes in the company with management ownership share of approximately 18%.

Shareholder structure

Largest shareholders as of 30 June 2020	% of equity
Byggmästare Anders J Ahlström Holding AB	20.6%
Staffan Salén with family and through company	18.2%
Johan Nordström through company	8.1%
AFA Försäkring	4.9%
Per Sjöstrand through company	4.5%
Tredje AP-fonden	3.4%
ODIN Fonder	2.7%
Peter Lindell through company	2.0%
Roger Carlsson through company	1.7%
Formica Capital AB	1.7%
Other	32.1%

Source: Green Landscaping

Management ownership

Management ownership as of 17 April 2020	% of equity	Relation to Green Landscaping
Johan Nordström	8.1%	CEO of Green Landscaping
Roger Carlsson	2.1%	CEO of Tranemo Trädgårdstjänst
Jan & Jenny Pettersson	1.9%	CEO of Björnentreprenad
Betongförbättring Holding AS	1.3%	CEO & co-founder of Gast
Nordea Bank Abp	1.3%	Co-founder of Gast
Eblon Holding AB	0.7%	Founder of Svensk Jordelit
Jakob Körner	0.6%	Strategy at Green Landscaping
Carl-Fredrik Meijer	0.5%	CFO of Green Landscaping
Other management	1.6%	
Total management	18.1%	

Source: Green Landscaping

Senior management



Johan Nordström owns 3,745,922 shares and 407,544 warrants (334,544 2018/21 & 73,000 2019/22) in Green Landscaping and has been CEO since 2015. Mr Nordström has also been a member of the board since 2018. Previous experience includes being the CEO and chairman of the board for Car-O-Liner Group AB. Mr Nordström studied business administration and economics at Lund University and Gothenburg University, and holds an MBA from Copenhagen Business School.



Carl-Fredrik Meijer holds 206,046 shares and 164,233 warrants (145,817 2018/21 & 18,416 2019/22) in the company and has been Chief Financial Officer since 2015 and Head of Communication since 2018. Mr Meijer has 14 years of experience from positions in strategy and business development, including PwC in London and Coor Service Management. He has a B.Sc. in Business and a M.Sc. in Technology Management from Lund University.



Jakob Körner owns 173,768 shares and 102,840 warrants (51,949 2018/21 & 50,891 2019/22) in Green Landscaping and has been Chief Strategy Officer and Head of M&A since 2019 and a part of Green Landscaping in various positions since 2012. Previous experience includes holding a managerial position at Svevia. He has a B.Sc. in Corporate Finance and a M.Sc. in Civil Engineering from Lund University.



Robert Brohmänder holds 712 shares and 38,405 warrants (2019/22) in Green Landscaping and acts as the Regional Manager of Region Middle since 2019. He has more than 18 years of experience in managerial and leadership positions from several industrial companies.



Pontus Monthan holds 20,000 warrants (2019/22) in Green Landscaping and has been Regional Manager of Region East since 2019. Mr Monthan has more than 20 years of experience from leading positions, including several years in the facility management industry. He has studied at both Uppsala University and IHM Business School.



Hans Lagerström owns 49,867 shares and 74,937 warrants (64,937 2018/21 & 10,000 2019/22) in the company and has been the Regional Manager of Region West since 2015. With more than 20 years of experience as a manager, Mr Lagerström has spent the last 10 years in Green Landscaping. He has a degree from the Swedish Army's school of engineering.



Daniel Linderståhl holds 10,008 shares and 20,000 warrants (2019/22) in Green Landscaping and has acted as the Regional Manager of Region South since 2019. Prior to his current position, Mr Linderståhl held a managerial position at Svensk Markservice and before that spent several years in the Swedish Armed Forces. He attended the Armed Forces Staff and War College and is a trained officer and captain.



Henrik Sahlin owns 375 shares and 18,406 warrants (2019/22) in the company and has been the Regional Manager of Region North since 2019. Mr Sahlin has many years of experience as a manager and previously held leading positions within Svensk Markservice. He has a degree in Mechanical Engineering from Umeå University.

Board of directors



Per Sjöstrand owns 2,086,108 shares in Green Landscaping and has been Chairman of the Board since 2012. He is currently the CEO of Instalco AB and Chairman of the Board for Kullastrand Kök & Interiör AB, Voltage AB and Ohmslag AB. His previous experience includes 20 years as a CEO of companies such as PEAB Nord AB, Midroc Electro AB and NEA Gruppen AB. Mr Sjöstrand holds a M.Sc. in Engineering from Chalmers University of Technology.



Johan Nordström owns 3,745,922 shares in Green Landscaping and has been a board member since 2018. Mr Nordström has also been the CEO of the company since 2015. Previous experience includes being the CEO and chairman of the board for Car-O-Liner Group AB. Mr Nordström studied business administration and economics at Lund University and Gothenburg University, and holds an MBA from Copenhagen Business School.



Åsa Källenius holds 60,590 shares in Green Landscaping and has been a member of the board since 2018. Other ongoing assignments include being the CFO at Mekonomen AB and she has extensive experience in the position of CFO at several companies. She has a M.Sc. in Business and Economics from Stockholm University and has also completed the Executive Management Program at the Stockholm School of Economics.



Staffan Salén owns 8,432,298 shares in Green Landscaping and has been a board member since 2018. Mr Salén is also Chairman of the Board at AB Sagax, eWork Scandinavia AB and several other companies. Previous experience includes deputy CEO and CIO at Föreningssparbanken AB.



Monica Trolle holds 35,590 shares and has been a member of the board since 2018. Another ongoing assignment is manager at Tetra Pak North Europe. Ms Trolle has many years of experience in facility management in a managerial position at companies including CGI Sverige AB and AB Tetra Pak. She has completed the Executive Leadership Program at Stockholm School of Economics and has studied financial accounting at Lund University.



Tomas Bergström has been a board member since 2020. Other current assignments include CEO of Byggmästare Anders J Ahlström Holding AB. Mr. Bergström has approximately 20 years of experience of transactions, investments, strategic business development and operational responsibilities in management positions. He holds a MSc in Finance from Stockholm School of Economics.

Summary of the board

Name	Position	Member since	Independent in relation to	
			Company & Senior management	Major shareholders
Per Sjöstrand	Chairman of the board	2012	Yes	Yes
Johan Nordström	Board member & CEO	2018	No	No
Åsa Källenius	Board member	2018	Yes	Yes
Staffan Salén	Board member	2018	Yes	No
Monica Trolle	Board member	2018	Yes	Yes
Tomas Bergström	Board member	2020	Yes	No

Source: Green Landscaping

Business model

Green's business model is focused on five key concepts: sustainability, local market leader, decentralization, cost-efficiency and diversified revenue model.

Sustainability – the foundation of Green Landscaping

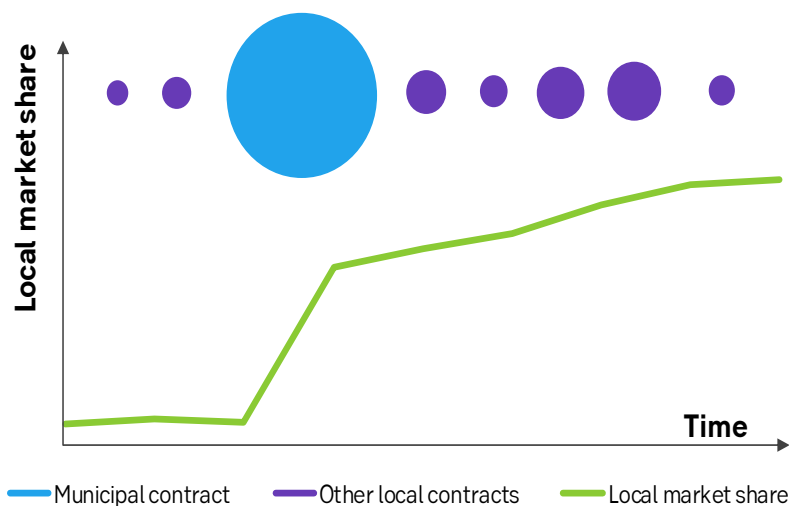
Having green spaces and outdoor environments as their literal field of expertise, sustainability becomes a clear priority and foundation of the business. This applies to environmental aspects of preserving a sustainable environment even in society's most urban areas, but nevertheless also encompasses a focus on long-term mutual benefit between Green and its stakeholders.

Local market leader

In order to achieve its position as the clear market leader nationwide, Green has always had a focus on local markets. As customers are mainly local or to some extent regional, from small housing cooperatives to larger municipalities, long-term success is determined by local flexibility and strong customer relations. By adjusting to the specific needs of each customer, Green can maximize value created and thus hold on to customers beyond the scope of existing contracts.

A common pathway of becoming a local market leader is securing large public contracts. As previously mentioned, public contracts are generally of higher value than private ones, with an average contract value of SEK 10-15m. Securing business with large customers in the local market, such as municipalities, reaffirms Green's suitability as a supplier for smaller local customers. Subsequently, additional market shares gains can be achieved.

Winning municipal contracts is key in becoming local market leader*



Source: SEB, *Circle size indicates relative contract size

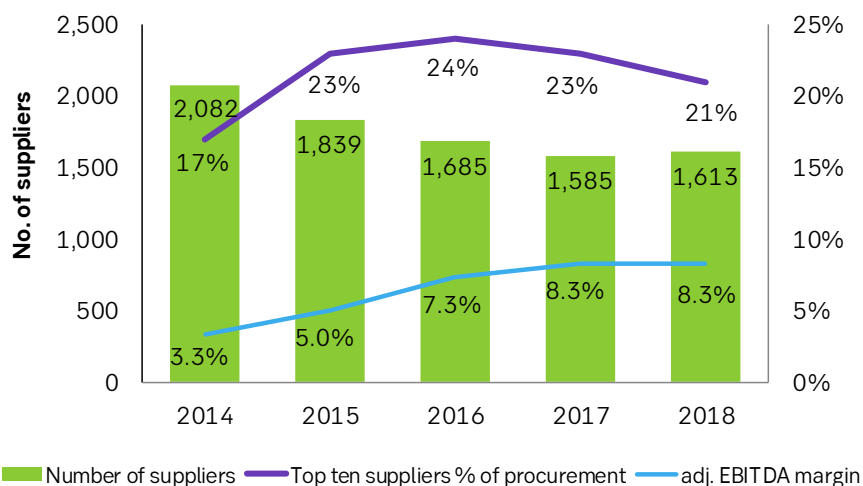
Decentralized organization enabling entrepreneurship

As previously mentioned, Green aims to be a local market leader in order to uphold and solidify its position as the national market leader. Considering market dynamics with mostly local and regional customers, decentralisation becomes essential to accomplishing this. By flattening the organisation and enabling subsidiary managers to use their expertise and local knowledge, a higher degree of flexibility is achieved. Local units can thus cooperate in complex large-scale projects and region-wide service agreements, allowing Green to compete more efficiently and maximize customer value.

Cost-efficient business model

With decentralisation and local flexibility being key to maintaining market leadership, the benefits of Green's size become clearer when assessing costs and profitability. Through close cooperation between units and the central organisation such as joint procurement and consolidating suppliers, cost-cutting can be achieved while maintaining the central business idea of local entrepreneurship. Between 2014 and 2017, the number of suppliers decreased from 2,082 to 1,585 or almost a 25% drop. During the same period, the 10 largest suppliers' share of total purchasing costs increased from 17% to 23%.

Supplier consolidation and profitability trend

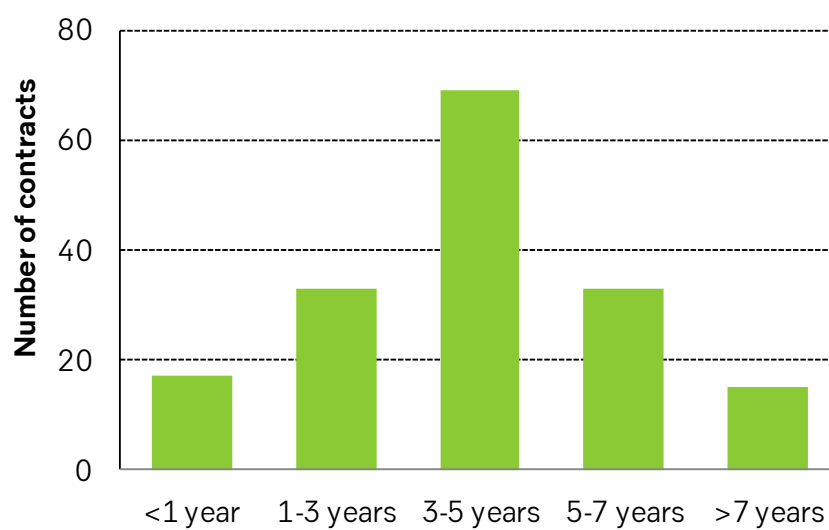


Source: SEB, Green Landscaping

A central part of the company's profitability strategy is the "lean" internal control system. By implementing this, activities are documented, measured and followed-up for continual improvements. As the industry is rather immature and labour intensive, minor task adjustments can create major savings. Additionally, digitalization can convert and improve tasks such as more efficient route planning and convert documentation from manual to digital. Thus, by professionalizing the industry, time-consuming and inefficient activities can be identified and more focus could be put on creating value for the customer.

Diversified contract-based revenue model

With the bulk of business being contract-based, revenue comes through two different pricing models. Green is partly compensated through fixed contract fees and upselling and partly through project-based revenues. Due to its size, Green can be meticulous in its new contract processes, avoiding risky deals with poor profitability, while achieving high contract diversification and not being dependent on single contracts.

Maintenance contracts duration (major contracts; February 2018)

Source: Green Landscaping

Acquisition strategy

M&A is part of the company's DNA

Green Landscaping was founded in 2009 through the merger of four companies and since then, acquisition-driven growth has been a central part of the business strategy.

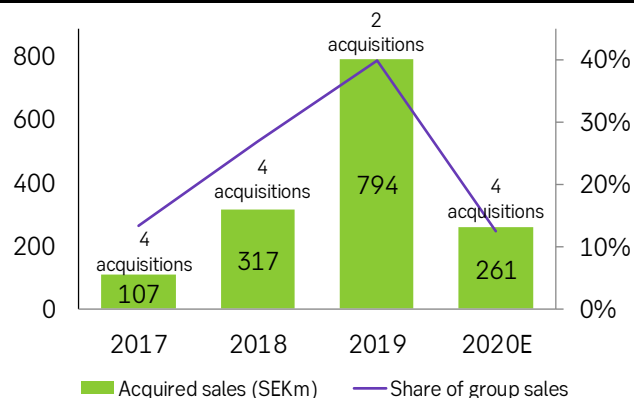
A track-record of acquisitions and consolidating a fragmented market

Date	Company	EBIT margin	Product segment
Sep-13	Jacksons Trädvård	10%	Arborist services
Jan-14	GML Sport	3%	Sports landscaping
Jul-17	Tranemo Trädgårdstjänst	7%	Arborist services
Jul-17	Björnentreprenad	18%	Ground maintenance & Landscaping
Nov-17	JE Eriksson Mark och Anläggningsteknik	9%	Landscaping
Nov-17	Svensk Jordelit	9%	Sports landscaping
Jun-18	Trädexperterna	9%	Arborist services
Sep-18	Borås Markentreprenad (assets)	6%	Landscaping
Nov-18	Svensk Markservice	2%	Ground maintenance & Landscaping
Dec-18	Mark & Miljö Projekt i Sverige AB	13%	Landscaping
Jul-19	Mark & Trädgård Skottorp AB	14%	Ground maintenance
Dec-19	HD Landscape (assets)	6%	Landscaping
Feb-20	Park i Syd AB	16%	Landscaping
Feb-20	Gast Entreprenör	20%	Landscaping
Jul-20	TH Anlegg	8%	Landscaping
Oct-20	Hadeland Maskindrift	8%	Ground maintenance & Landscaping

Source: SEB, Green Landscaping

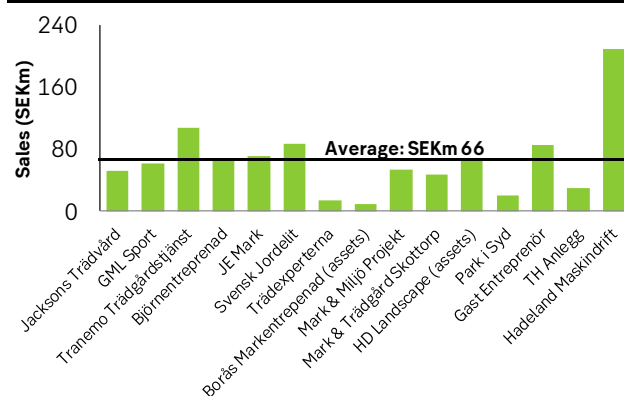
Historically, acquisitions have had a turnover in the range of SEK 10-110m, averaging around SEK 66m. There has been one major exception with the acquisition of Svensk Markservice, which reported annual sales of SEK 813m by the time of the acquisition in 2018. Svensk Markservice was the previous main competitor (no2 in the market) and the transaction solidified Green's position as the clear market leader.

Impact from acquisitions



Source: SEB, Green Landscaping

Notable acquisitions (excluding Svensk Markservice)



Source: SEB, Green Landscaping

Payment structure

Transactions typically encompass 100% of the shares in acquired companies, although asset acquisitions have occurred a few times. The lion's share of payments has historically comprised upfront cash, but since local relations and customization permeates the market, Green relies on key individuals for its success. In order to maintain the ambition and driving force of the local entrepreneurs after acquisitions, they often remain in the company as shareholders of Green Landscaping. Thus, high ambition amongst local managers can be maintained, keeping the spirit of Green as an entrepreneurial company with strong local ties.

Historically, around 20-30% of the acquisition price has typically been paid by issuing new shares to the previous owner, but due to the dilutive effect, we believe that ratio will drop to roughly half in the future. Additionally, many acquisitions also include potential earnouts based on profitability targets, typically paid-out within two years after integration. Acquisition multiples have historically been within a range of around 3-6x EBIT.

Estimated payment structure of historical acquisitions

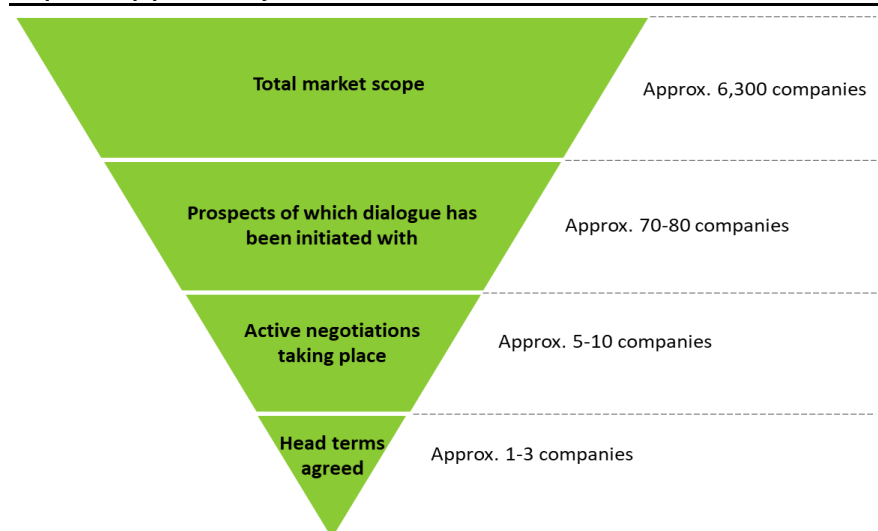


Source: Green Landscaping, SEB

Pipeline

Following several acquisitions in recent years, Green has a well-established M&A strategy. In conjunction with the recent rights issue in June 2020, the company disclosed it was in a dialogue with around 70-80 prospects. Of these dialogues, there were active negotiations with five to 10 companies and main terms had been agreed upon with one to three companies. Consequently, M&A activity is likely to remain high in the near term with four targets already closed during this year.

Acquisition pipeline, May 2020



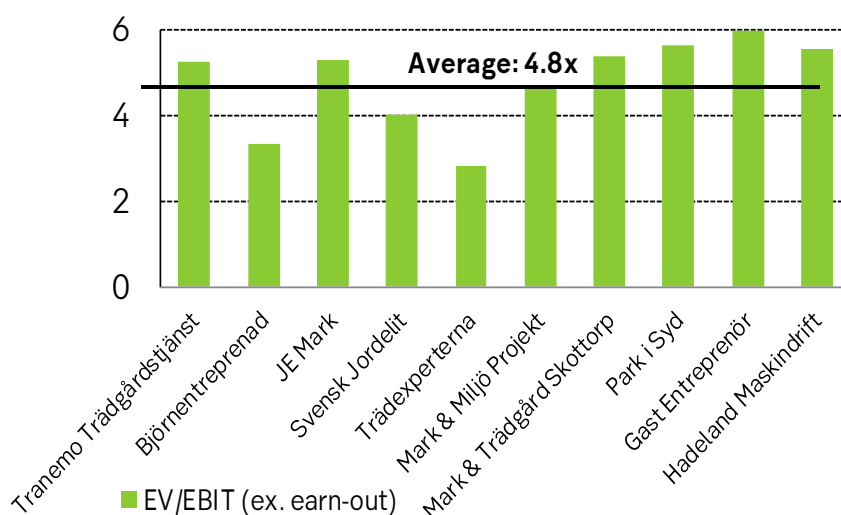
Source: Green Landscaping

Acquisition targets can broadly be divided into two categories: companies with annual sales of SEK 30-150m and bolt-ons.

Sweet spot around SEK 30-150m in revenues

Companies with SEK 30-150m is considered being the “sweet spot” for Green’s expansion. Companies in this segment are characterized as medium-sized, mainly having a local or regional presence. Ideally, these targets should have possibilities to realise synergies in delivery and purchasing with Green and have a strong local brand. Additionally, prospects should preferably have a focus on profitable contract portfolios. Companies in the sweet-spot are typically not incorporated into Green Landscaping, but instead operate as subsidiaries under their own established trademarks.

Estimated acquisition multiples, EV/EBIT



Source: SEB

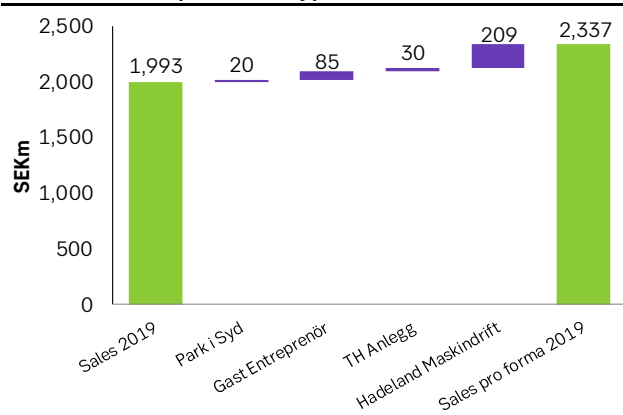
Bolt-ons

Smaller companies, or bolt-ons, are companies with sales of less than SEK 20m. In contrast to companies within the sweet-spot, these are rather integrated into already existing brands within Green Landscaping. Besides this, criteria are similar to companies within the “sweet-spot”. Examples of bolt-ons include the (asset) acquisitions of Öbergs Entreprenad i Mölnlycke and DTI Compaktschakt in 2019.

Dipping its toes into Norway

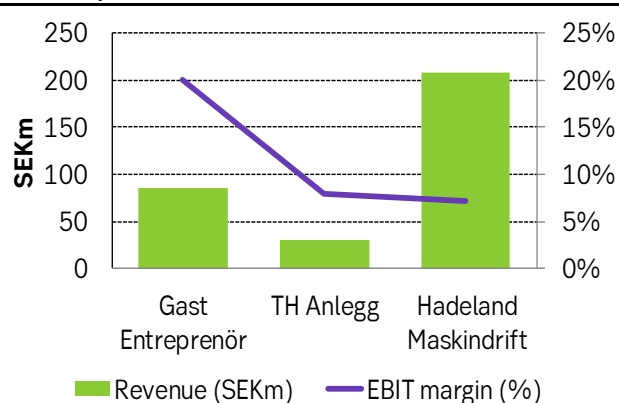
Of the four acquisitions in 2020, three of them have been in Norway. This marks the first step outside the home market and a first phase in a Nordic expansion. The first acquisition, Gast, was quickly followed by TH Anlegg and Hadeland, with all based Oslo. Together they had sales of approximately NOK 324m in 2019. We note that Norwegian companies in general are being more profitable than their Swedish counterparts with the prime example being Gast with an operating margin of 20%. Thus, a continued successful expansion into Norway can prove quite lucrative.

Pro-forma sales (inc. Norway)



Source: SEB, regnskapstall.no, Green Landscaping

Recent acquisitions



Source: SEB, regnskapstall.no, Green Landscaping

Market

Trends supporting growth

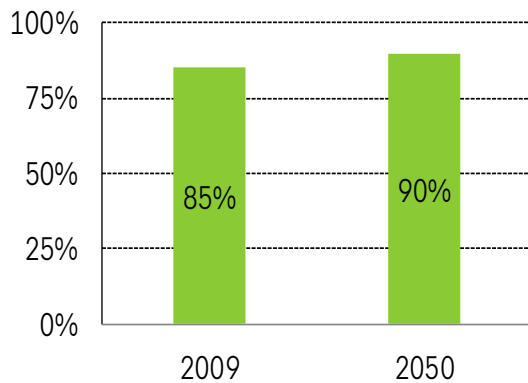
In Sweden, nature and wildlife is highly appreciated by citizens. In a survey published in the Global Garden Report 2012, Swedish citizens were asked what they wanted more of in cities. Half of the respondents replied green areas, making it the most popular choice. To some extent that reflects the key drivers in the market for green areas and outdoor environments, as trends supporting growth are mainly derived from public preferences and expectations, which partly is a consequence of urbanization.

Urbanization

By creating value through maintaining and improving outdoor urban environments, the general mega trend supporting growth is naturally urbanization. Currently, a quarter of the Swedish population resides in the three largest cities of Stockholm, Gothenburg and Malmö. Yet, following increased urbanization, eventually 40% of the population is expected to live in these cities in the coming decades.

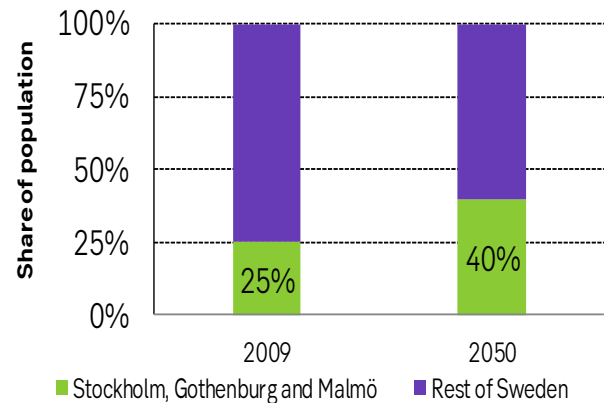
With more people living in a smaller space, demand for green areas and common outdoor environments will increase. In addition, wear and tear of existing outdoor spaces drives more frequent maintenance and refurbishment, in order to keep up with safety regulations and cleanliness. In 2050, 90% of the Swedish population is expected to live in urban areas, up from 85% today.

Urbanization in Sweden set to reach 90% by 2050...



Source: Global garden report 2012

...primarily driven by the three largest cities



Source: Global garden report 2012

Municipal ambitions and public expectations

Public spending in maintaining outdoor environments has proven to be countercyclical and stable in economic downturns, not least in the aftermath of the financial crisis in 2009. A common ambition amongst municipalities in Sweden is having green areas available to every resident within 300m of their homes. Even though this target is to a large extent already met, keeping up with maintenance is of highest importance.

Proximity to green areas in Sweden's largest cities (2015)

Largest cities in Sweden	% of Swedish population	% of residents with green area 300m from housing
Stockholm	16%	98%
Göteborg	6%	99%
Malmö	3%	95%
Uppsala	1%	98%
Västerås	1%	100%
Örebro	1%	96%
Linköping	1%	100%
Helsingborg	1%	99%
Jönköping	1%	95%
Norrköping	1%	98%
Total, 10 largest cities	34%	98%

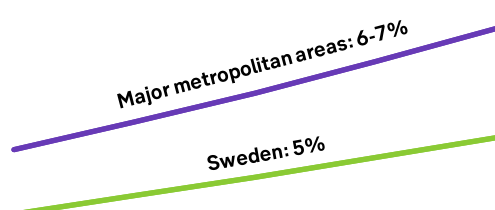
Source: Statistics Sweden, SEB

An illustration of the importance of maintenance is when outdoor environments and green areas does not meet public expectations. When parks and public spaces are not perceived as clean and safe, it's very quickly pointed out and thus highly prioritized in society. Additionally, about 60% of the Swedish population are willing to pay a premium for housing, would it be located close to green spaces according to the Global Garden report.

Growth expectations

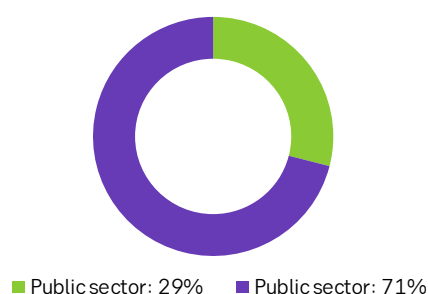
Green Landscaping's estimates its addressable market to be valued at approximately SEK 22bn. By product segment, roughly 70% is ground maintenance, with landscaping and specialist services accounting for the remaining 25% and 5% of the market respectively. Around two thirds of Green's revenue are derived from the public sector, although the public sector's share of the addressable market is merely 29%. In terms of future growth, the total addressable market is estimated to grow 5% annually over the next few years. Major metropolitan areas are expected to be the driving force behind this growth, with growth expectations around 6-7%.

Growth to be mainly driven by major metropolitan areas



Source: Green Landscaping

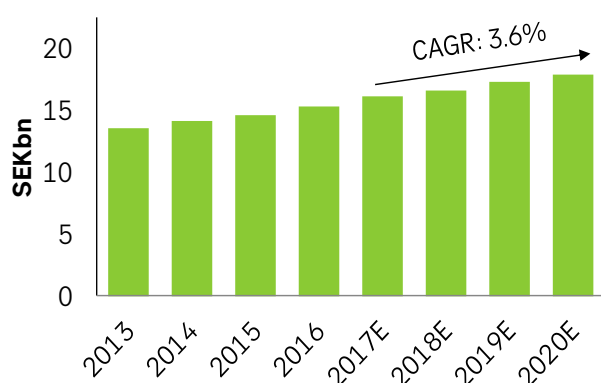
Private sector largest share of the addressable market



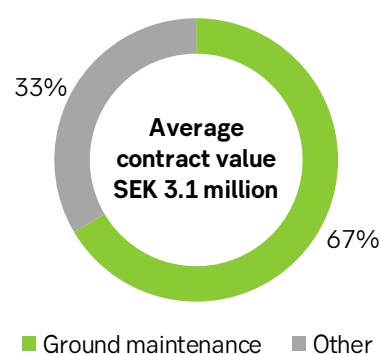
Source: Green Landscaping

Ground maintenance

Drivers for this product segment are mainly demographic trends which increase demand for and utilization of existing outdoor environments, and consequently wear and tear. Green expects the market for ground maintenance to grow at a CAGR of 3.6% in 2017-2020, with Stockholm, Gothenburg and Malmö being the main drivers, as estimates for these cities are 6.6%, 6.1% and 6.1% growth, respectively, during the same period.

Ground maintenance expected market development

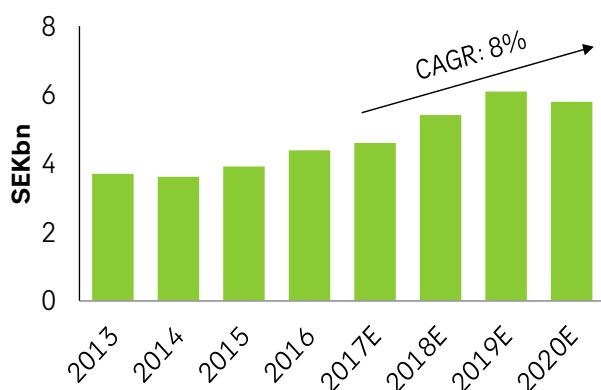
Source: Green Landscaping

Estimated share of major contract portfolio

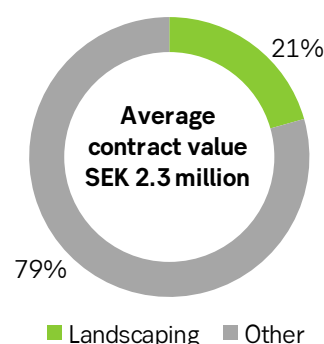
Source: SEB, Green Landscaping

Landscaping

Growth in landscaping is primarily correlated to increased construction activity, as construction of outdoor environments often takes place alongside housing construction. Demand for higher safety and quality also drives renovation of facilities such as playgrounds and outdoor gyms. CAGR in Sweden is estimated at 8% in 2017-2020, with approximately 10% growth expected in Stockholm and Gothenburg according to the company. However, this strong pace of growth is expected to slow down somewhat beyond 2020.

Landscaping expected market development

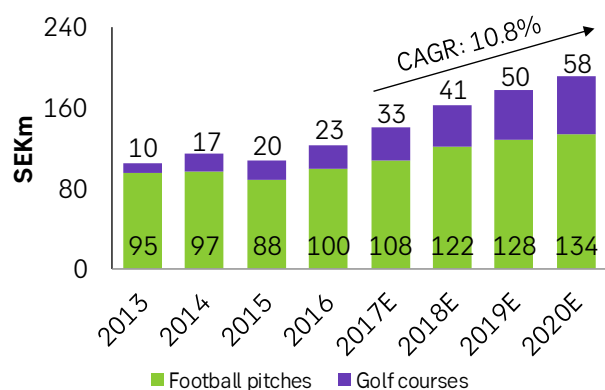
Source: Green Landscaping

Estimated share of major contract portfolio

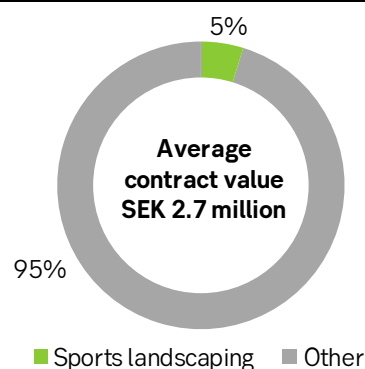
Source: SEB, Green Landscaping

Sports landscaping

A key driver for future growth of the sports landscaping market is increased outsourcing. Sports and leisure facilities have an outsourcing degree of roughly 57%, whereas about 30% of the market for constructing soccer pitches is outsourced according to Green. In niche segments like these, outsourcing is expected to grow in the future, allowing for larger market shares. As for golf courses and football pitches (attributable to a large share of the sales in the segment), Green expects the market to grow at a CAGR of 10.8% in 2017-20.

Sports landscaping expected market development

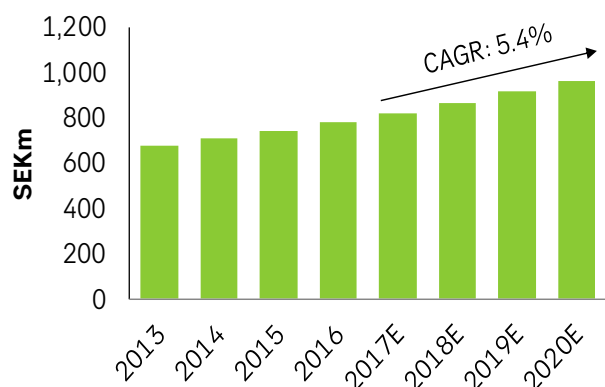
Source: Green Landscaping

Estimated share of major contract portfolio

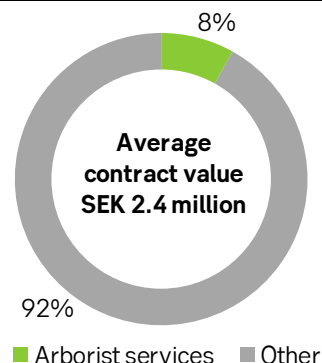
Source: SEB, Green Landscaping

Arborist services

For arborist services, there is no major trend supporting growth in this segment. This can be explained by the fact that the market, to a certain extent, is needs-driven as extreme weather can impede accessibility, which thus needs to be remedied at short notice. According to the company, the market for arborist services will grow at a CAGR of approximately 5.4% between 2017-2020.

Arborist services expected market development

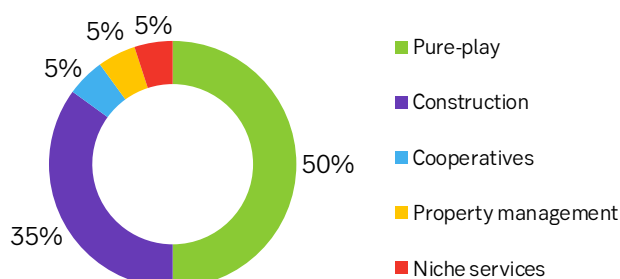
Source: Green Landscaping

Estimated share of major contract portfolio

Source: SEB, Green Landscaping

Competitive landscape

Being the largest actor in the industry, Green competes in a fragmented market that includes both companies with a national presence and small local players. In total, there are approximately 6,300 companies active in the market with the 10 largest holding a combined market share of 30-35%. The players in the Swedish market can be divided into five categories: pure-play providers, construction companies, cooperatives, property management companies and niche companies.

Market share by competitor segment

Source: Green Landscaping

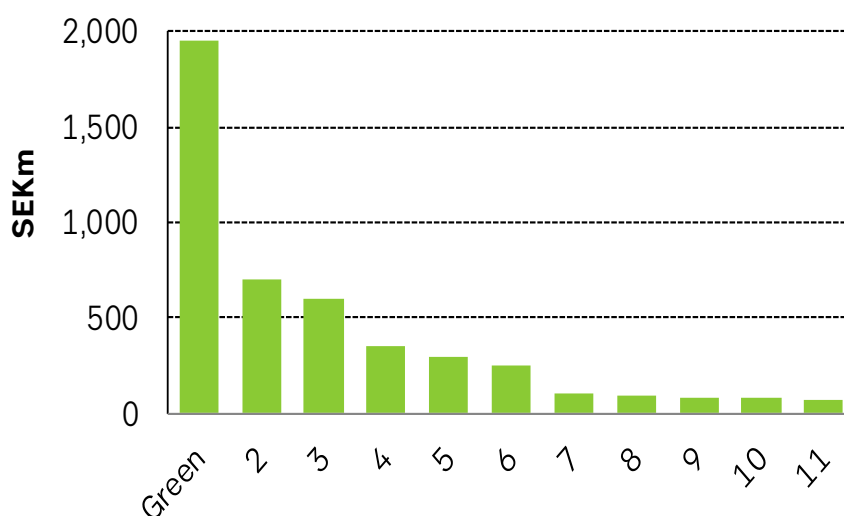
Fragmentation of the Swedish market

Company size	Number of companies	Market share
Sole trader	5,000	10-15%
< 10 SEK million	1,200	20-25%
10-100 SEK Million	100	25-30%
> 100 SEK Million	10	30-35%

Source: Green Landscaping

Pure-play companies

Pure-play companies, including Green Landscaping, operate as full-service providers, having the market for maintaining green areas and outdoor environments as its core business. Companies within this segment acts as a one-stop-shop for customers, offering a broad range of services. The main competitive advantage for these actors is thus offering all necessary services, reducing customers' need for multiple contracts and their inherent complexity. Pure-play providers hold roughly 50% of the market. Notable competitors in this segment include HTE Produktion and BITE Mark & Anläggning.

Estimated sales for pure-play companies*, 2017

Source: Company, Estimates. *Sales for Green Landscaping is pro forma 2018.
















Construction companies

This group consist of large companies such as Peab, Skanska and NCC and services such as ground maintenance and landscaping are not a part of their focus. However, they can still utilize their technical skills in larger projects and thus also have a notable presence in these areas. The construction companies have a market share of approximately 35%.

Cooperatives, property management and niche companies

The remainder of the market contain cooperatives, property management companies and niche companies. Cooperatives usually utilize excess resources to compete, mainly in ground maintenance and landscaping.

As for property management companies, they generally have a limited presence and pursue business in a more opportunistic way. Lastly, niche companies (such as Jacksons Trädvård and GML Sport as a part of Green Landscaping) focus on specific areas of the market. Cooperatives, property management companies and niche companies all hold roughly 5% market share each.

Market dynamics and service presence					
Segment	Pure-play	Construction	Cooperatives	Property management	Niche companies
Examples of companies	  	  	  	  	  
Ground maintenance	●	●	●	●	●
Landscaping	●	●	●	●	●
Niche services	●	●	●	●	●
Core focus	●				
Presence		●			
No presence			●	●	●

Source: Green Landscaping

The Nordics

Entry into Norway and future potential

As part of Green's long-term strategy of consolidating the Nordic market for the maintenance and landscaping of green areas and outdoor environments, the Norwegian acquisitions of 2020 marked the initiation of this process. The Nordic market is estimated by Green to be around SEK 75bn, of which SEK 52-58bn is addressable given the current degree of outsourcing. Although Sweden accounts for the largest share, an expansion into the Nordics thus means considerable growth opportunities.

Substantial growth potential outside Sweden



Source: Green Landscaping

In Norway, the size of the addressable market was estimated at SEK 10-12bn in 2016 and price levels are generally higher than in Sweden. Growth in the Norwegian market corresponds to a CAGR of approximately 4-5% in 2016-2020, according to Green. The 20 largest companies in Norway have higher average EBITDA margins and sales growth than their Swedish counterparts, making Green's recent international expansion into a potentially lucrative one.

Three quick facts on Norway

Steen & Lund

Largest companies

Braathen Landskapsentreprenør
Vaktmester Kompaniet

Growth expectations

4-5% 2016-2020

Urbanization

82% (2018)

Source: Green Landscaping, Statista

Denmark – more mature market with higher margins

The market size in Denmark is estimated at SEK 12-14bn. As Denmark has a milder climate, municipalities and companies spend more per capita on maintaining outdoor environments compared to Norway and Finland.

Price levels are approximately 10% higher than in Sweden due to less focus on price, leading to higher profitability. As in the case of Sweden, metropolitan areas (including Copenhagen and Zealand) are expected to be the driving force in market growth, with company estimates in the range of 5-6% annually in 2016-2020 for the Danish market. With regards to competition, the market is characterized as fragmented as the three largest companies hold roughly 11% of the market.

Denmark includes several companies with annual sales of SEK 50-100m, right in the sweet spot of Green's ideal acquisition targets. Notably, the assets of HD Landscape, with operations in the south of Sweden, was acquired by Green from HedeDanmark in 2019. HedeDanmark is one of the largest actors in Denmark with a turnover of DKK 1.8bn in 2018.

Three quick facts on Denmark

Malmos Landskaber

Largest companies

OK Nygaard

HedeDanmark

Growth expectations

5-6% 2016-2020

Urbanization

88% (2018)

Source: Green Landscaping, Statista

Less attractive outlook in Finland

Of all the Nordic markets, Finland is seen as having the weakest market potential. Prices are in general 10% lower than in Sweden due to lower wages, and Green expects the Finnish market to grow at a rate of 2-3% in 2016-2020. The bright spot in the Finnish market is Helsinki, as its higher pace of construction results in a higher need for ground maintenance and landscaping services compared to the rest of the country. The two largest companies only hold a market share of about 4%, thus the market is considered highly fragmented and immature with mostly small, local companies.

Three quick facts on Finland

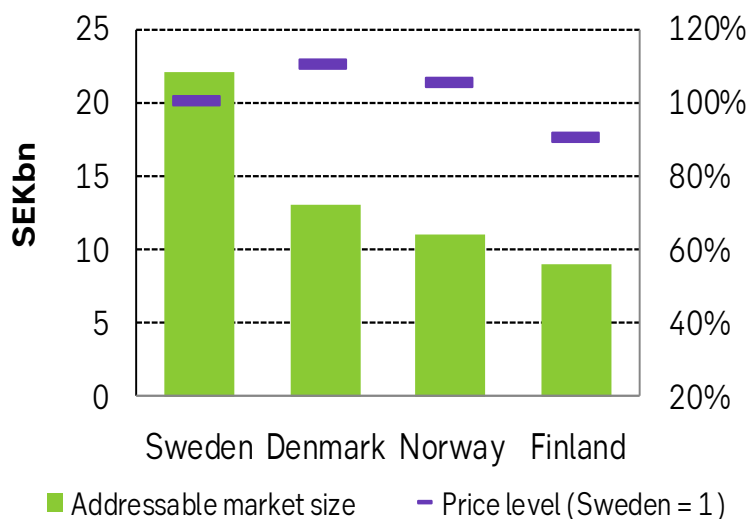
Largest companies	Jäämestarit Tieluiska
Growth expectations	2-3% 2016-2020
Urbanization	85% (2018)

Source: Green Landscaping, Statista

General conclusions with regards to the Nordic market

All the Nordic markets are quite highly fragmented. Because of this, we find it unlikely that Green will exhaust its M&A opportunities in the coming years. According to Green, the Nordic markets share many characteristics such as culture, maturity, municipal procurement and preferences. This enables a smoother expansion into the Nordics for Green, as experience from one region can prove useful in another.

Overview, Nordic markets



Source: SEB, Green Landscaping

Peer overview

Nordic service companies

Bravida is a provider of HVAC and other technical functions in properties, with operations in the Nordic region. 47% of sales contain servicing such as maintenance of machinery, and the remaining 53% is installation of new products and refurbishment. Customers are both from the private and public sectors. The company had a turnover of SEK 20bn and an EBITA margin of 6% in 2019.

Coor is a Nordic service company operating in the facility management industry, with Sweden covering 50% of total sales. The public/private sales split is 20/80, and similar to Green, flexibility and adapting to local preferences is key in retaining customers in the long term. In 2019, Coor had a turnover of SEK 10.3bn and an adjusted EBITA margin of 5.3%, although for Swedish operations the corresponding margin was 9%.

Instalco offers installation and service maintenance in the areas of HVAC, electricity and plumbing. Approximately 75% of sales are attributable to Sweden and the remainder to the rest of the Nordics. Turnover for 2019 was SEK 5.7bn and the adjusted EBITA margin 8.8%. Notably, Per Sjöstrand, the chairman of the board of Green Landscaping and a major shareholder (8.6%), is serving as the CEO of Instalco.

ISS is a provider of facility services, including cleaning, business support, property management, catering, security and other facility management services. Headquartered in Denmark, ISS has a global presence with more than 400,000 employees all over the world. In 2019, the company had a turnover of DKK 78.6bn and 4.2% EBIT margin.

Lassila & Tikanoja is headquartered in Finland and offers environmental management and maintenance services. Business areas include environmental services, industrial services and facility services. Finland accounts for 79% of sales, and Sweden and Russia 17 and 4% respectively. Turnover was EUR 784m and the EBITA margin 5.5% in 2019.

Nobina is one of the largest public bus transport service providers in the Nordic region. The customer base is mainly the public sector where business is conducted with regional or local authorities. By a weighted average, contracts are 7.8 years long containing both fixed compensation and incentive clauses for additional potential revenue. Nobina had an EBITA margin of 6.2% and a turnover of SEK 10.6bn in FY 2019/2020.

Securitas is a world leading company within the security services business, operating in over 56 countries. It offers primarily manned guarding services, but with an increasing presence in electronic security. In 2019, Securitas had a turnover of SEK 111bn and approximately 370,000 employees. Europe account for 43% of revenue and the company had an EBITA margin of 5.2% in 2019.

Peer overview, Nordic service companies

Nordic service companies (2019 data)	Currency	Sales bn (local)	Adj. EBITA margin
ISS	DKK	78.8	4.3%
Coor Service Management	SEK	10.3	5.3%
Nobina	SEK	10.6	6.2%
Securitas	SEK	111	5.2%
Bravida	SEK	20	6.0%
Instalco	SEK	5.7	8.8%
Lassila & Tikanoja	EUR	0.8	5.5%
Green Landscaping	SEK	2.0	4.5%

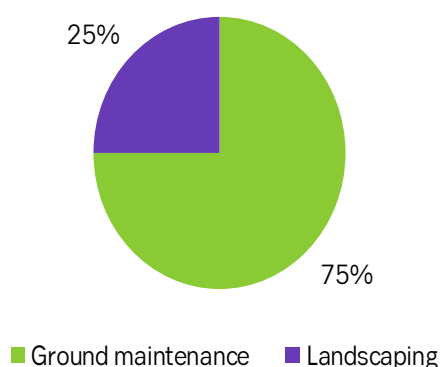
Source: SEB

Global green peers

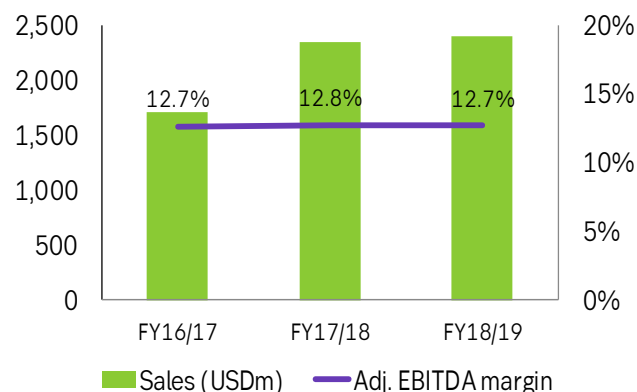
As the market for ground maintenance and landscape services is highly fragmented also globally, there is a limited number of publicly traded peers to Green Landscaping. One exception is the US company Brightview, which shares many characteristics with Green. Besides Brightview, we have included several peers from the "Green" industry, meaning companies active within green areas, through services, products and machinery, although we consider Brightview to be Green's closest international peer.

Brightview, a leading operator in the U.S. market, offers ground maintenance, tree care and landscaping in 32 U.S. states. Customers are found both within the public and private sectors, including corporate and commercial properties, hotels, public parks, institutions and golf clubs, which is similar to Green.

Maintenance services, such as ground maintenance, tree care and snow & ice removal account for 75% of sales, while the development of new outdoor environments (parks, landscape architecture, pools etc.) represents the remaining 25% of sales. Brightview is the largest player in their market with 10 times higher revenue than the closest competitor (also similar to Green), albeit representing a market share of 2.6%. Brightview had an adjusted EBITDA margin of 9.4% for the 2018/19 financial year.

Brightview sales by service segment

Source: Brightview Holdings

Brightview performance 2017-2019

Source: Brightview Holdings

Husqvarna, headquartered in Sweden, is a leading producer of outdoor power products for forest, park and garden care, watering products and power tools for construction. Americas and Europe account for most sales, with 46% and 45% of total sales respectively. The customer base is divided into three segments: pro-grade experts, tree professionals and green space professionals. The company had an adjusted EBIT margin of 9.3% and a turnover of SEK 42.3bn in 2019.

Pool Corp engages in the outdoor environment industry. The company is the world's largest distributor of swimming pool supplies and a leading distributor of irrigation and landscape products in the United States. Turnover for 2019 was USD 3.2bn and the operating margin was 10.7%.

SiteOne Landscape Supply, previously known as John Deere Landscapes, is a distributor of landscape supplies active in the U.S. and Canada. Customers are primarily landscape professionals who specialize in design, installation and maintenance of lawns, golf courses and other outdoor environments. As a serial acquirer, SiteOne is currently the leading actor with roughly 12% market share. Turnover for 2019 was USD 2.4bn with an adjusted EBITDA margin of 8.5%.

Scotts Miracle-Gro is a leading manufacturer of branded consumer lawn and garden products in North America. Key product segments include consumer lawn and gardening, landscaping and insect control. The business is very seasonal, with 75% of sales typically occurring during Q2 and Q3. In 2019, turnover was USD 3.2bn and the adjusted EBITDA margin was 17.7%.

Toro designs, manufactures and markets professional turf maintenance equipment and services, landscaping equipment and snow and ice management products. 78% of sales are attributable to professional use and 21% for residential use. Important end-user segments include golf courses, landscape contractors, and sports fields and grounds market. The main market is in the US with 77% of group sales and the remaining 23% to the international market. Turnover for 2019 was USD 3.1bn and the company had an operating margin of 10.4%.

Peer overview, International green companies

International green companies (2019 data)	Currency	Sales bn (local)	Adj. EBITA margin
Brightview	USD	2.4	8.8%
Husqvarna	SEK	42.3	9.3%
Pool Corp	USD	3.2	10.7%
SiteOne Landscape Supply	USD	2.4	7.0%
Scotts Miracle-Gro	USD	3.2	14.2%
Toro	USD	3.1	13.0%
Green Landscaping	SEK	2.0	4.5%

Source: SEB

Overview

Investment considerations

Green Landscaping's position as a market leader in a countercyclical industry sets a foundation for continued growth and enhanced profitability. In our opinion, Green's strategy of decentralized operations gives it the potential to improve margins by adapting to local preferences and thereby maximizing value creation. Furthermore, the company has recently taken a first step towards consolidating the Nordic market through the entry into Norway, which expands its universe for potential acquisitions.

Company profile

Green Landscaping is Sweden's leading service provider of maintenance and landscaping of green areas and outdoor environments. Services include cleaning, lawn mowing, tree care, road maintenance and snow and ice removal during the winter. In addition, outdoor environments are constructed around buildings and in parks through landscaping services. The business is tilted towards public customers, which accounts for approximately two-thirds of sales, and is characterized by long-term contracts. In 2020, the company initiated an expansion into the Norwegian market.

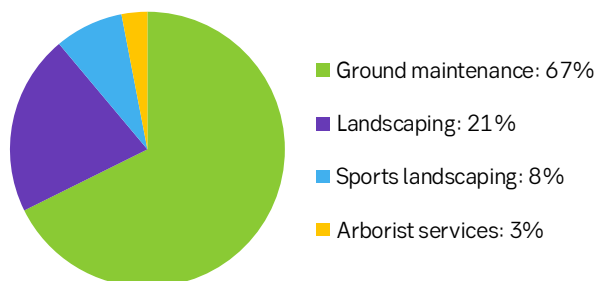
Valuation approach

Our fair share price range is based on a mid-point DCF value +/- 1% absolute change to our EBITDA assumptions being the upper- and lower end of the range.

Investment risks

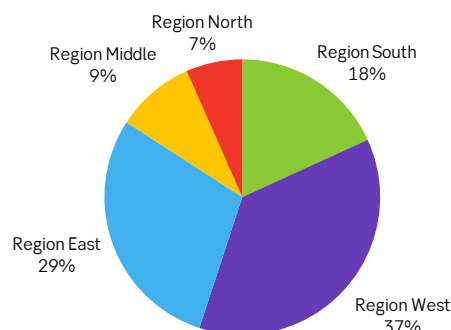
The service offering differs between seasons, which means Green Landscaping is subject to seasonal effects. Extreme weather variations such as unexpectedly mild winters can have a material impact on the company. Furthermore, acquisitions remain an integral part of Green's growth strategy, which brings certain risks if they turn out poorly or if the integration does not go as planned.

Revenues by service

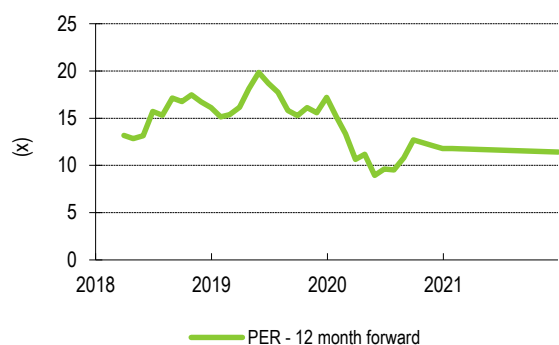


Source: SEB

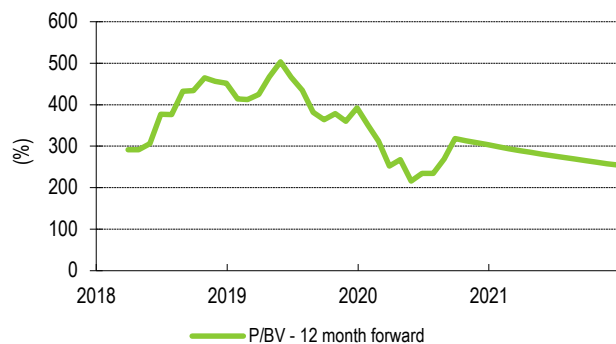
Revenues by division



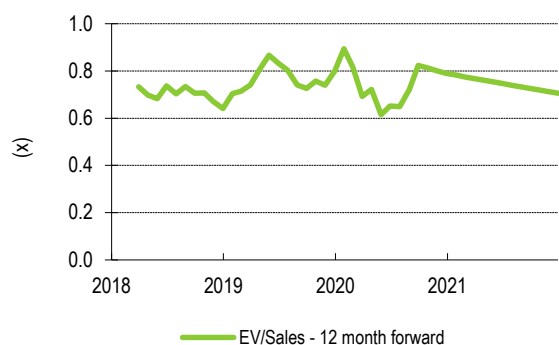
Source: SEB

PER - 12 month forward

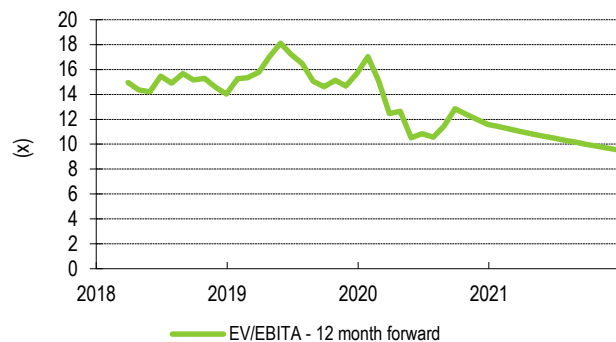
Source: SEB

P/BV - 12 month forward

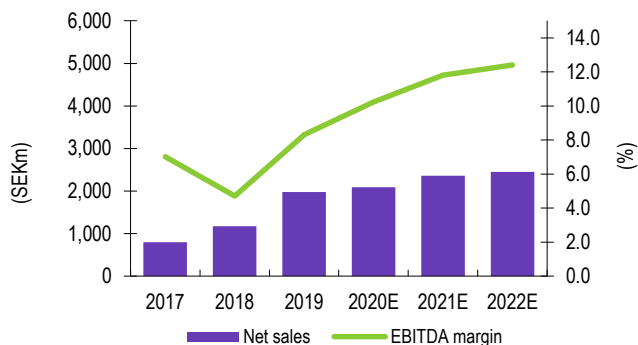
Source: SEB

EV/Sales - 12 month forward

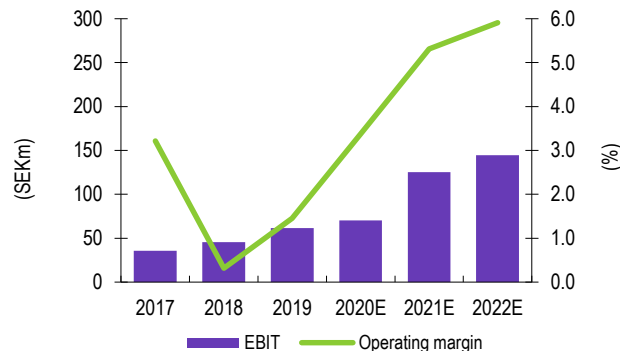
Source: SEB

EV/EBITA - 12 month forward

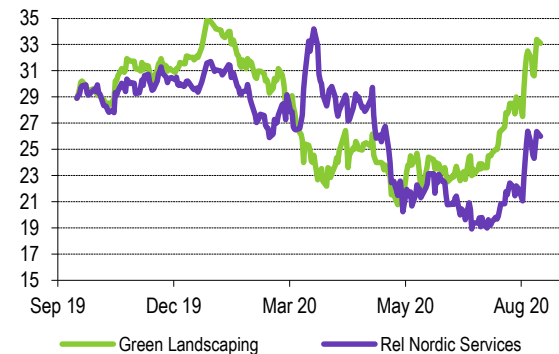
Source: SEB

Net sales & EBITDA margin

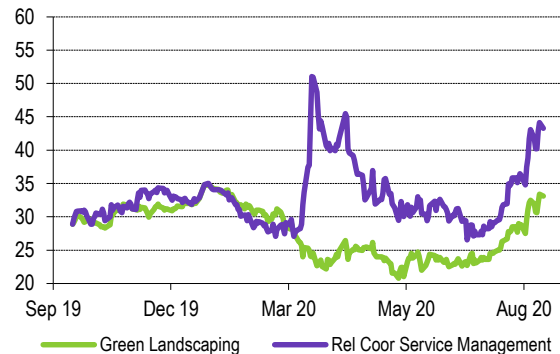
Source: SEB

EBIT & Operating margin

Source: SEB

Comparison with sector index - 1 year

Source: SIX

Comparison with Coor Service Management - 1 year

Source: SIX

Profit & loss statement - Green Landscaping						
(SEKm)	2017	2018	2019	2020E	2021E	2022E
Net Sales	797	1,176	1,974	2,088	2,357	2,447
Other revenues	2	4	19	8	0	0
Total revenues	799	1,180	1,993	2,096	2,357	2,447
Total expenses	(744)	(1,125)	(1,829)	(1,882)	(2,079)	(2,143)
Profit before depreciation	56	55	164	214	278	304
Depreciation - Fixed assets	(26)	(37)	(107)	(107)	(118)	(122)
Depreciation - Other assets	0	0	0	0	0	0
Amortisation - Goodwill	0	0	0	0	0	0
Amortisation - Other intangibles	(4)	(14)	(29)	(36)	(35)	(37)
Operating profit	26	4	29	70	125	145
Net interest expenses	(17)	(16)	(19)	(21)	(18)	(18)
Foreign exchange items	0	0	0	0	0	0
Other financial items	0	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0
Value changes - Financial assets	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0
Reported pre-tax profit	9	(12)	9	50	107	126
Minority interests	0	0	0	0	0	0
Total taxes	(4)	6	(2)	(2)	(11)	(27)
Reported profit after tax	5	(6)	7	48	96	99
Discontinued operations	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0
Net Profit	5	(6)	7	48	96	99
Adjustments:						
Discontinued operations	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0
Value changes	0	0	0	0	0	0
Goodwill/intangibles amortisations	4	14	29	36	35	37
Restructuring charges	0	0	0	0	0	0
Other adjustments	10	42	33	0	0	0
Tax effect of adjustments	(2)	(9)	(7)	0	0	0
Adjusted profit after tax	17	41	61	84	132	136
Margins, tax & returns						
Operating margin	3.2	0.3	1.5	3.4	5.3	5.9
Pre-tax margin	1.1	(1.0)	0.5	2.4	4.5	5.2
Tax rate	46.2	53.1	24.5	4.0	10.0	21.4
ROE	11.9	(4.0)	3.4	15.1	20.8	17.7
ROCE	35.7	9.8	8.5	8.8	13.6	14.2
Growth rates y-o-y (%)						
Total revenues	n.a.	47.6	68.9	5.2	12.5	3.8
Operating profit	n.m.	(85.5)	670.7	145.3	77.8	15.5
Pre-tax profit	n.m.	n.m.	n.m.	429.9	114.8	18.2
EPS (adjusted)	0.0	(45.6)	20.9	19.2	38.7	3.4

Cash flow						
(SEKm)	2017	2018	2019	2020E	2021E	2022E
Net profit	5	(6)	7	48	96	99
Non-cash adjustments	41	35	123	136	153	159
Cash flow before work cap	46	29	130	184	249	258
Ch. in working capital / Other	(29)	(26)	(31)	(7)	(17)	(6)
Operating cash flow	17	3	98	177	233	253
Capital expenditures	(34)	(52)	(110)	(107)	(116)	(119)
Asset disposals	3	4	9	3	0	0
L/T financial investments	0	0	0	0	0	0
Acquisitions / adjustments	(76)	(213)	(15)	(173)	(15)	0
Free cash flow	(90)	(257)	(19)	(101)	102	134
Net loan proceeds	117	247	(33)	(46)	0	0
Dividend paid	0	0	0	0	0	0
Share issue	0	73	0	149	0	0
Other	(0)	0	0	0	0	0
Net change in cash	28	63	(52)	2	102	134
Adjustments						
C/flow bef chng in work cap	46	29	130	184	249	258
Adjustments	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0
Cash earnings	46	29	130	184	249	258
Per share information						
Cash earnings	6.97	0.99	3.58	4.44	5.31	5.5
Operating cash flow	2.58	0.11	2.72	4.27	4.95	5.38
Free cash flow	(13.6)	(8.73)	(0.51)	(2.43)	2.16	2.85
Investment cover						
Capex/sales (%)	4.1	4.2	5.3	4.9	4.6	4.5
Capex/depreciation (%)	124	132	97	94	92	90

Source for all data on this page: SEB

Balance sheet - Green Landscaping						
(SEKm)	2017	2018	2019	2020E	2021E	2022E
Cash and liquid assets	34	96	45	46	148	282
Debtors	221	414	418	442	499	518
Inventories	31	24	26	28	32	33
Other	29	0	0	0	0	0
Current assets	314	534	489	516	678	832
Interest bearing fixed assets	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0
Capitalized development cost	0	0	0	6	14	23
Goodwill	138	419	436	436	436	436
Other intangibles	41	139	130	181	153	116
Fixed tangible assets	82	166	56	133	131	119
Other fixed assets	17	21	254	254	254	254
Fixed assets	278	744	876	1,010	988	948
Total assets	592	1,278	1,365	1,526	1,666	1,780
Creditors	148	185	183	194	219	227
Other trade financing	141	150	137	144	163	169
S/T interest bearing debt	82	70	73	73	73	73
Other	22	60	54	54	54	54
Current liabilities	393	466	447	465	509	523
L/T interest bearing debt	51	454	430	383	383	383
Other long-term liabilities	50	117	233	233	233	233
Convertible debt	47	0	0	0	0	0
Pension provisions	0	0	0	0	0	0
Other provisions	2	2	1	(6)	(6)	(6)
Deferred tax	14	37	35	35	35	35
Long term liabilities	165	610	699	645	645	645
Minority interests	0	0	0	0	0	0
Shareholders' equity	34	203	219	416	512	611
Total liabilities and equity	592	1,278	1,365	1,526	1,666	1,780
Net debt (m)	147	428	458	410	308	174
Working capital (m)	(30)	42	70	77	94	100
Capital employed (m)	215	727	722	872	968	1,067
Net debt/equity (%)	426	211	209	99	60	29
Net debt/EBITDA (x)	2.2	4.4	2.3	1.9	1.1	0.6
Equity/total assets (%)	6	16	16	27	31	34
Interest cover	1.5	0.3	1.5	3.4	6.9	7.9
Valuation						
(SEK)	2017	2018	2019	2020E	2021E	2022E
No of shares, fully dil. (y/e)	6.6	29.5	36.2	47.0	47.0	47.0
No of shares, fully dil. avg.	6.6	29.5	36.2	41.4	47.0	47.0
Share price, y/e		27.4	34.8	33.1	33.1	33.1
Share price, high		30.7	37.3	35.8		
Share price, low		17.9	24.6	20.4		
Share price, avg		24.5	30.9	26.5		
EPS (reported)	0.73	(0.19)	0.20	1.16	2.05	2.12
EPS (adjusted)	2.58	1.40	1.70	2.02	2.80	2.90
Cash earnings/share	6.97	0.99	3.58	4.44	5.31	5.50
Dividend/share	0.00	0.00	0.00	0.00	0.00	0.00
Enterprise value/share		42	47	42	40	37
Book value/share	5.2	6.9	6.1	8.9	10.9	13.0
Adjusted equity/share	5.2	6.9	6.1	8.9	10.9	13.0
PER (adjusted)		19.5	20.5	16.4	11.8	11.4
CEM		27.7	9.7	7.4	6.2	6.0
Dividend yield		0.0	0.0	0.0	0.0	0.0
EV/EBITDA		12.7	8.7	9.2	6.7	5.7
EV/EBITA		20.6	19.0	18.5	11.6	9.5
EV/EBIT		27.1	27.9	27.9	14.9	11.9
EV/Sales (x)		1.05	0.87	0.94	0.79	0.71
Price/Book value		3.98	5.73	3.74	3.03	2.54
Price/adjusted equity		3.98	5.73	3.74	3.03	2.54
Free cash flow/Market cap (%)		(6.1)	(1.0)	5.1	7.5	8.6
Operating cash flow/EV (%)		0.3	5.7	9.0	12.5	14.6
EV/Capital employed (x)		1.7	2.4	2.3	1.9	1.6
Main shareholders						
Name	(%)	Votes	Capital	Management		Company information
Byggmästare Anders J Ahlström Holding AB	20.6	20.6	COB	Name	Contact	
Salén family via company	18.2	18.2	CEO	Per Sjöstrand	Internet /www.greenlandscapinggroup.se	
Johan Nordström via company	8.1	8.1	CFO	Johan Nordström	Phone number 010-499 70 00	
			IR	Carl-Fredrik Meijer		

Source for all data on this page: SEB

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